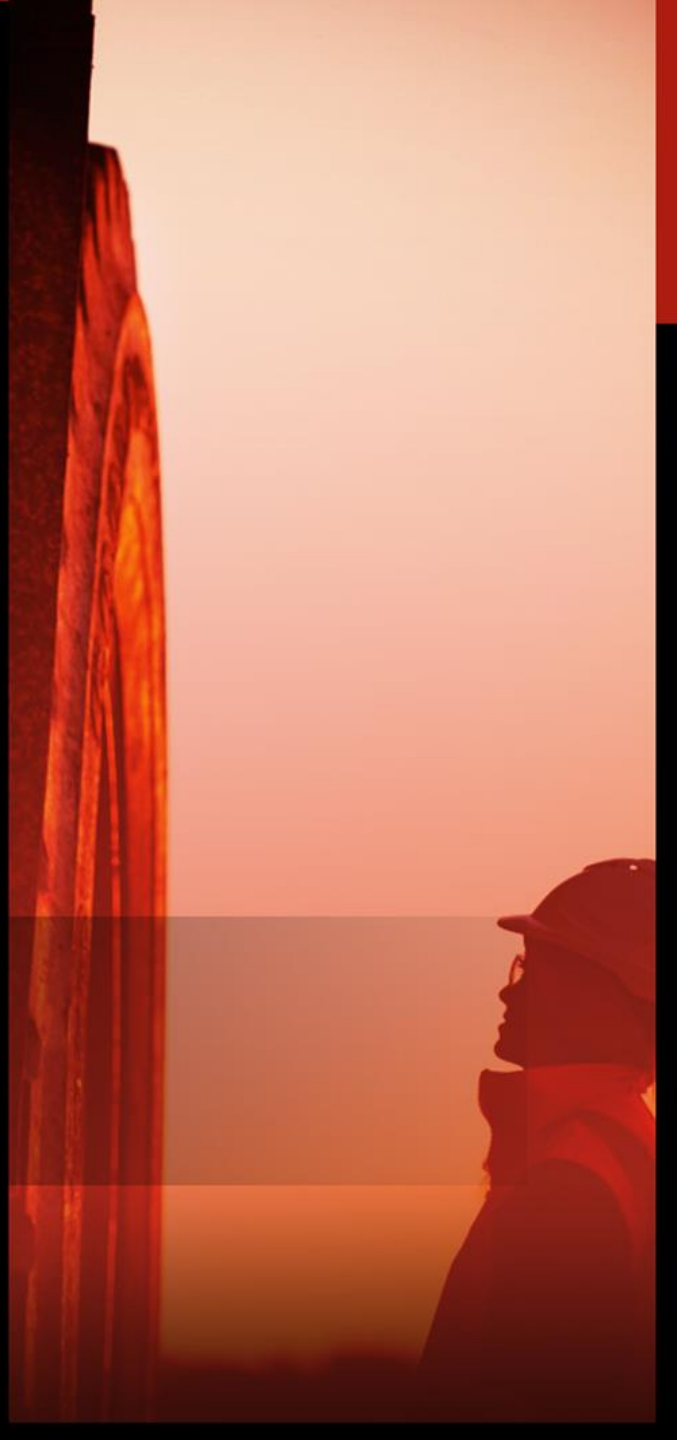




**Creating A Leading Australian  
Pure-Play Coal Producer**



# Important Notice and Disclaimer

## Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing this presentation you acknowledge and agree to the terms set in this Important Notice and Disclaimer.

## Summary information

This presentation is issued by Yancoal Australia Ltd ABN 82 111 859 119 (**Yancoal**). This presentation has been provided to you solely for the purpose of giving you summary information and background about Yancoal and its related entities and their activities, current as at August 2017. The information in this presentation is general in nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Yancoal or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (Corporations Act). It has been prepared by Yancoal with due care but no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information. Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. None of Yancoal, its representatives or advisers is responsible for updating, or undertakes to update, this presentation. Items depicted in photographs and diagrams are not assets of Yancoal, unless stated.

This presentation should be read in conjunction with Yancoal's other periodic and continuous disclosure information lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au). Certain information in this presentation has been sourced from Coal & Allied Industries Limited (**Coal & Allied**), its representatives or associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of Yancoal, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

## Not financial product advice or offer

This presentation is for information purposes only and is not a prospectus, product disclosure statement, pathfinder document for the purposes of section 734(9) of the Corporations Act or other offer document under Australian law or the law of any other jurisdiction. This presentation is not financial product or investment advice, a recommendation to acquire entitlements or securities or accounting, legal or tax advice and should not be relied on by the recipient in considering the merits of any particular transaction. It is not, and should not be considered as, an offer, invitation, solicitation, advice or recommendation to buy or sell or to refrain from buying or selling any entitlements or securities or other investment product or entering into any other transaction in any jurisdiction. This presentation does not constitute an advertisement for an offer or proposed offer of securities. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Readers should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs, make their own enquiries and investigations regarding all information in this presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Yancoal and the impact that different future outcomes may have on Yancoal, and seek legal and taxation advice appropriate for their jurisdiction.

The release, publication or distribution of this presentation (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

## Not for release or distribution in the United States of America

This presentation may not be released or distributed in the United States. Any securities described in this presentation have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act), or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities may not be offered or sold directly or indirectly in the United States unless they have been registered under the U.S. Securities Act (which Yancoal has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration of the U.S. Securities Act and any other applicable United States state securities laws.

# Important Notice and Disclaimer

## Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

## Past performance

Past performance, including past share price performance of Yancoal and pro forma financial information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Yancoal's views on its future financial performance or condition. Past performance of Yancoal cannot be relied upon as an indicator of (and provides no guidance as to) future Yancoal performance. Nothing contained in this presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

## Future performance and forward-looking statements

This presentation contains certain 'forward-looking statements'. Forward-looking statements include those containing words such as: 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions. Any forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Yancoal, its directors and management. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements may include, but are not limited to, indications, projections, forecasts and guidance on sales, earnings, dividends, revenue, distributions, other potential synergies, the timing and outcome of the Coal & Allied acquisition, the outcome and effects of the acquisition funding, the future performance of Yancoal and Coal & Allied post acquisition, and other estimates.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of Yancoal's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Yancoal's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of Yancoal, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this presentation. The forward looking statements are based on information available to Yancoal as at the date of this presentation. Except as required by law or regulation (including the ASX Listing Rules), none of Yancoal, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

## Acknowledgement

This presentation is provided to you on the basis that (i) you acknowledge and agree that you understand the contents of this notice and that you agree to abide by its terms and conditions; (ii) if you are in Australia, are a person to whom an offer of securities may be made without a disclosure document (as defined in the Corporations Act) on the basis that you are exempt from the disclosure requirements of Part 6D.2 in accordance with Section 708(8) or 708(11) of the Corporations Act; and (iii) if you are outside Australia, you are a person to whom the provision of information is permitted by the laws of the jurisdiction in which you are situated without the need for any registration or formality.

## Investment Risk

An investment in Yancoal shares is subject to known and unknown risks, some of which are beyond the control of Yancoal. Yancoal does not guarantee any particular rate of return or the performance of Yancoal nor does it guarantee any particular tax treatment. Investors should have regard to these risk factors when making their investment decision. See the "Risk Factors" in the Entitlement Offer Booklet for more information.

# Important Notice and Disclaimer

## Financial Data

Investors should note that this presentation contains pro forma historical and forecast financial information. The pro forma and forecast financial information, and the historical information, provided in this presentation is for illustrative purposes only and is not represented as being indicative of Yancoal's views on its future financial condition and/or performance. You should note that financial information, and the historical information, provided in this presentation is for illustrative purposes only and is not represented as being indicative of Yancoal's views on its future financial condition and/or performance. Yancoal has prepared (and made assumptions in the preparation of) the financial information relating to Coal & Allied on a stand-alone basis and also to Yancoal post-completion included in this presentation in reliance on limited financial and other information provided by Coal & Allied. Yancoal does not take responsibility for the Coal & Allied information.

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC, and are not recognised under Australian Accounting Standards (**AAS**) and International Financial Reporting Standards (**IFRS**). The non-IFRS financial information/non-GAAP financial measures include EBITDA, net debt and others. Such non-IFRS financial information/non-GAAP financial measures do not have a standardized meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Yancoal believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this presentation.

## No liability

This document has been prepared on the basis of information available to Yancoal. To the maximum extent permitted by law, Yancoal (including its subsidiaries, related bodies corporate, shareholders, affiliates, advisers and agents):

- disclaims any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
- does not make any representation or warranty, express or implied, as to the accuracy, reliability, completeness of such information or that it contains all material information about Yancoal or which a prospective investor or purchaser may require in evaluating a possible investment in Yancoal or acquisition of shares, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaims all responsibility and liability arising out of fault or negligence for any loss arising from the use of information contained in this presentation, regarding forward-looking statements or any information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this presentation.

## Advisers

None of Yancoal's advisers nor the Joint Lead Managers, being Morgan Stanley Securities Limited, J.P. Morgan Australia Limited and China International Capital Corporation Hong Kong Securities Limited (**CICC**), or their related bodies corporate or affiliates, or their respective officers, employees, agents or representatives (**Parties**) have authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this presentation, make or purport to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them. The Parties, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this presentation. Readers agree, to the maximum permitted by law, that they will not seek to sue or hold the Parties liable in any respect in connection with this presentation or the Offer. The Joint Lead Managers and their related bodies corporate or affiliates, or their respective officers, employees, agents or representatives, do not accept any fiduciary obligations to or relationship with any investor or potential investor.

To the extent that 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.



# Table of Contents

**Section 1: Transaction Overview**

**Section 2: Equity Raising Overview**

**Section 3: Investment Highlights**

**Section 4: Pro Forma Group Overview**

**Appendices**



## Section 1: Transaction Overview



# Coal & Allied Transaction Overview

Yancoal has entered into agreements to acquire 100% of the shares in Coal & Allied from Rio Tinto and a 32.4% interest in HVO from Mitsubishi

## Coal & Allied Acquisition

- Yancoal Australia Ltd (“Yancoal”) entered into a binding agreement on 24 January 2017 to acquire 100% of the shares in Coal & Allied Industries Limited (“Coal & Allied”) from Rio Tinto (“Coal & Allied Acquisition”)
- Yancoal subsequently amended the binding agreement in June 2017 following counter offers from Glencore Plc. The terms are:
  - US\$2.45 billion cash at completion plus US\$240 million in non-contingent royalty payments over 5 years<sup>(1)</sup>
  - Contingent royalty payments (i.e. coal price-linked) capped at US\$410 million<sup>(2)</sup>
  - Yankuang Group Co Ltd (“Yankuang”), 56% shareholder of Yancoal’s major shareholder, Yanzhou Coal Mining Co Ltd (“Yanzhou”), has provided financial assurances to Rio Tinto in relation to the Coal & Allied Acquisition<sup>(3)</sup>
  - Subject to Yanzhou shareholder meeting on 25 August 2017; otherwise all conditions precedent satisfied or waived



## Mitsubishi Tag-Along Acquisition

- Mitsubishi Development Pty Ltd (“Mitsubishi”) accepted Yancoal’s binding offer to acquire its 32.4% interest in Hunter Valley Operations (“HVO”) for US\$710 million (“Mitsubishi Tag-Along Acquisition”) on 13 June 2017
  - Completion 6 months after completion of Coal & Allied Acquisition
  - Yancoal also has a call option to acquire Mitsubishi’s 28.9% interest in Warkworth for US\$230 million, exercisable at any point up to 31 December 2018
- Subsequent to the Mitsubishi Tag-Along Acquisition, Yancoal has entered into an agreement with Glencore whereby Glencore will acquire Mitsubishi’s 32.4% interest in HVO directly subject to Mitsubishi’s consent



**Notes:**  
1 US\$110 million (Completion to Dec 2017); US\$90 million (Jan to Sep 2018); US\$20 million (Jan to Feb 2019); US\$10 million (Jan 2020); US\$10 million (Jan 2021)  
2 Calculated as US\$2.0/t of attributable saleable production from Coal & Allied for 10 years starting from the third anniversary of completion, if the Newcastle benchmark thermal coal price exceeds US\$75/t, subject to annual CPI adjustment  
3 To the extent that there is a shortfall between the funds received by Yancoal under the equity raising and the US\$2.45 billion cash payment at completion for the Coal & Allied Acquisition, such shortfall up to a maximum amount of US\$1 billion will be drawn from the Yankuang Back-stop Facility (refer to Section 2.11(b) of the Entitlement Offer Booklet)

# Glencore Transaction Overview

## Yancoal and Glencore to establish a 51% (Yancoal) / 49% (Glencore) unincorporated joint venture for HVO

### Transaction Consideration

- Glencore will acquire Mitsubishi's 32.4% interest in HVO directly subject to Mitsubishi's consent<sup>(1)</sup>
- In addition, Glencore to acquire a 16.6% interest in HVO from Yancoal for:
  - US\$429 million in cash;
  - 27.9% share of the US\$240 million non-contingent royalty; and
  - 49% of the HVO contingent royalties payable by Yancoal to Rio Tinto<sup>(2)</sup>
- Glencore has committed to underwrite US\$300 million of the Entitlement Offer
- Economic effective date on completion of the Coal & Allied Acquisition

### Marketing Rights

- Yancoal to have exclusive marketing rights for sales in China, Taiwan (other than for certain specified customers), Thailand and Malaysia
- Glencore to have exclusive marketing rights for sales in all other countries

### Joint Venture Governance

- Day-to-day operation managed by an independent management team
- Glencore will nominate the HVO General Manager while Yancoal will nominate the HVO Financial Controller to deliver maximum synergies
- Glencore will provide all operational and support services

### Conditions Precedent

- Completion of Coal & Allied Acquisition
- Glencore to obtain all regulatory approvals (FIRB approval and competition clearances in Australia, European Union, Japan, Korean, Taiwan and China)
- NSW government approval to transfer mining tenements
- Mitsubishi's consent for Glencore to acquire directly in place of Yancoal<sup>(1)</sup>

### Pro Forma Mine Ownership

	Hunter Valley Operations	Mount Thorley	Warkworth
Yancoal	51.0%	80.0%	55.6%
Glencore	49.0%	-	-
Mitsubishi	-	-	28.9% <sup>(3)</sup>
Other(s)	-	20.0% <sup>(4)</sup>	15.5% <sup>(5)</sup>

- Acquired by Yancoal from Rio Tinto
- Acquired by Glencore from Mitsubishi and Yancoal
- Option for Yancoal to acquire from Mitsubishi

#### Notes:

- 1 If consent is not granted, Yancoal and Glencore will seek to implement other arrangements for an equivalent outcome
- 2 Contingent (i.e. coal price linked) royalty, calculated as US\$2.0/t of attributable saleable production from Coal & Allied for 10 years starting from the third anniversary of completion, if the Newcastle benchmark thermal coal price exceeds US\$75/t, subject to annual CPI adjustment
- 3 Option for Yancoal to acquire Mitsubishi's 28.9% interest in Warkworth for US\$230 million, exercisable at any point up to 31 December 2018
- 4 Comprises of POSCO (20.0%)
- 5 Comprises of Nippon Steel (9.5%) and Mitsubishi Materials (6.0%)



# Transaction Funding Overview

Yancoal to launch an up to approximately US\$2.5 billion equity raising to fund the Coal & Allied Acquisition, with the funding for the Mitsubishi Tag-Along Acquisition delivered by the Glencore Transaction

## Funding Solution

### A Coal & Allied Acquisition

- Cash payment at completion and transaction costs funded by an up to approximately US\$2.5 billion equity raising
  - Yanzhou has committed to take up its rights to the value of US\$1.0 billion in the Entitlement Offer
  - Cinda, Lucion Group and Glencore have underwritten US\$1.3 billion of the Entitlement Offer
  - Taizhong and General Nice to be placed shares to the value of US\$150 million
- Cash of US\$238 million<sup>(1)</sup> as at 30 June 2017 (unaudited) and existing undrawn credit facilities of US\$362 million as at 30 June 2017 (unaudited) to fund share of transaction costs

### B Mitsubishi Tag-Along Acquisition

- Payable 6 months after completion of Coal & Allied Acquisition
- Glencore will acquire Mitsubishi's 32.4% interest in HVO directly subject to Mitsubishi's consent<sup>(2)</sup>
- Stamp duty payable by Glencore<sup>(3)</sup>

## Sources and Uses

### Sources (US\$ million)

<b>Equity Raising</b>	<b>~2,500</b>
<i>Entitlement Offer – Yanzhou</i>	1,000
<i>Entitlement Offer – Others</i>	~1,350
<i>Placement – Cornerstones</i>	150
<b>Existing Cash</b>	<b>~175</b>
<b>Total</b>	<b>~2,675</b>

### Uses (US\$ million)

Cash Payment to Rio Tinto at Completion	2,450
Transaction Costs (incl. Stamp Duty)	~225 <sup>(4)</sup>
<b>Total</b>	<b>~2,675</b>

#### Notes:

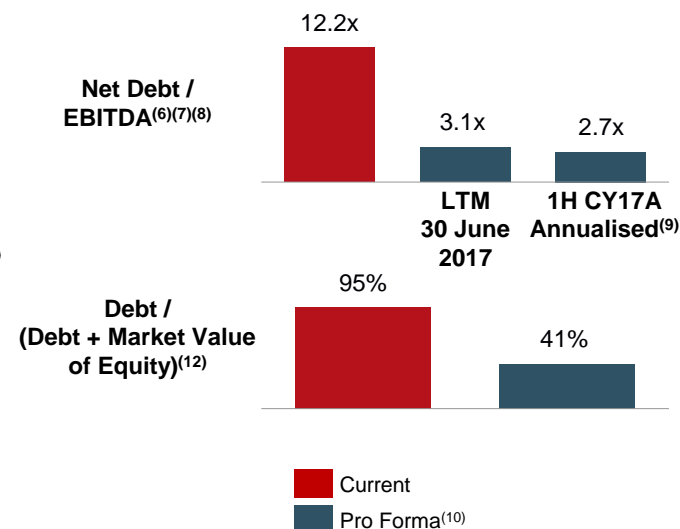
- 1 Converted at 0.75 USD per AUD
- 2 If consent is not granted, Yancoal and Glencore will seek to implement other arrangements for an equivalent outcome
- 3 If Mitsubishi consent is granted and agreements are executed between Glencore and Mitsubishi prior to completion, Yancoal's stamp duty liability with respect to the Mitsubishi Tag-along Acquisition will be nil. If Mitsubishi consent is not granted prior to completion, Glencore has agreed to contribute 49% of any stamp duty obligation of Yancoal with respect to the Mitsubishi Tag-along Acquisition
- 4 Comprises of Coal & Allied Acquisition stamp duty, advisory and equity raising fees

# Balance Sheet Recapitalisation

The up to approximately US\$2.5 billion equity raising, conversion of US\$1.8 billion SCNs by Yanzhou<sup>(5)</sup> and US\$429 million cash consideration from Glencore will significantly improve Yancoal's credit profile

US\$ Million Unless Specified	Current	Adjustment	Pro Forma <sup>(10)</sup>
<b>Capital Structure (as at 30 June 2017)</b>			
<b>Net Debt<sup>(1)(6)</sup></b>			
Senior Debt <sup>(2)</sup>	2,600	-	2,600
Shareholder Loan <sup>(2)</sup>	987	-	987
SCNs <sup>(2)(4)</sup>	1,801	(1,800) <sup>(5)</sup>	1
Less: Cash <sup>(3)</sup>	(238)	(254) <sup>(11)</sup>	(492)
<b>Total</b>	<b>5,150</b>	<b>(2,054)</b>	<b>3,096</b>
<b>New Equity</b>			
New Shares Issued	-	2,500	2,500
SCNs Conversion	-	1,800 <sup>(5)</sup>	1,800
<b>Total</b>	<b>-</b>	<b>4,300</b>	<b>4,300</b>
<b>EBITDA (LTM 30 June 2017)<sup>(6)(7)(8)</sup></b>	<b>423</b>		<b>989</b>
<b>EBITDA (1H CY17A Annualised)<sup>(6)(7)(8)(9)</sup></b>	<b>451</b>		<b>1,141</b>

## Impact on Yancoal's Credit Metrics



- Assumes Yanzhou converts all its SCNs (US\$1.8 billion) into ordinary shares at the Offer Price of US\$0.10 per share

### Notes:

- Net debt exclude finance leases, non-contingent royalty payable to Rio Tinto and potential cashflow benefit from tax losses utilisation by Yancoal pro forma
- 30 June 2017 (unaudited) in USD
- 30 June 2017 (unaudited) in AUD, converted at 0.75 USD per AUD
- SCNs have only been included as debt for this illustration given they are ranked ahead of ordinary equity and carry discretionary but cumulative distributions. If SCN distributions are unpaid, no dividends on Yancoal ordinary shares can be paid. However, we note that SCN's are treated as equity for accounting and tax purposes
- Yanzhou has committed to convert as many of its SCNs as is permitted, having regard to the Australian Takeovers Panel order, and this is expected to result in the conversion of all of Yanzhou's SCNs at the time that the equity raising is settled
- Net debt excludes debt bonds (current face value of US\$775 million) issued by Watagan which is deconsolidated from Yancoal's financial statement. EBITDA excludes EBITDA from Watagan which is deconsolidated from Yancoal's financial statement. See Section 2.4(b) of the Entitlement Offer Booklet for more details on Watagan

- Yancoal financial information sourced from unaudited management accounts. Yancoal pro forma includes run-rate synergies identified from the Coal & Allied Acquisition (as described on page 20). It is adjusted for 51% interest in HVO rather than 67.6% (i.e. reduction in synergies) but does not include potential incremental synergies from Glencore Transaction
- 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
- The 1H CY17A annualised EBITDA is not a CY17 forecast and simply reflects a doubling of 1H results. It is also normalised for one-off events (i.e. transaction costs incl. stamp duty)
- Pro Forma assumes Coal & Allied Acquisition and Glencore Transaction
- Cash consideration from Glencore (US\$429 million) less cash use as described on page 9 (US\$175 million). Cash consideration from Glencore may be used for debt repayment, however no decision has been made by Yancoal
- Current includes existing market cap of US\$291 million as at 31 July 2017 assuming 0.75 USD per AUD. Pro Forma market cap based on US\$0.10 per share

# Investment Highlights

**Creating Australia's largest pure-play coal producer with majority ownership in three flagship thermal coal mines in Australia**



**Potential to unlock substantial synergies with incremental value from the Glencore Transaction**



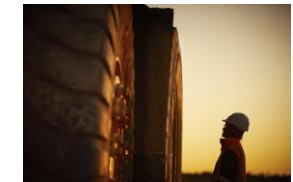
**Sustainable capital structure and future cash flow generation to support deleveraging and value creation**



**Accretive across key operational and financial metrics**



**Well placed to capitalise on build out of modern super critical / ultra-super critical generation capacity**





## Section 2: Equity Raising Overview





# Equity Raising Overview

<b>Entitlement Offer</b>	<ul style="list-style-type: none"> <li>• Approximately US\$2.35 billion renounceable entitlement offer with rights trading (“Entitlement Offer”)</li> <li>• Approximately US\$2.3 billion underwritten or committed in total             <ul style="list-style-type: none"> <li>– Yanzhou (Yancoal’s majority shareholder) has committed to subscribe to US\$1.0 billion</li> <li>– Cinda<sup>(1)</sup>, Lucion Group and Glencore have underwritten the remaining US\$1.3 billion</li> </ul> </li> <li>• Under the Entitlement Offer, eligible shareholders are entitled to 23.6 New Shares for every 1 existing ordinary shares held on the record date</li> </ul>
<b>Placement</b>	<ul style="list-style-type: none"> <li>• US\$150 million via a placement to Taizhong and General Nice<sup>(2)</sup> (“Placement”)</li> <li>• Placement shares to settle on the same date as the Entitlement Offer</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>• US\$0.10 per share for both Entitlement Offer and Placement representing a:             <ul style="list-style-type: none"> <li>– 67.9% discount to last of A\$0.390 per share<sup>(3)</sup></li> <li>– 4.6% discount to TERP (incl. Entitlement Offer, Placement and SCNs converted by Yanzhou) of A\$0.131 per share<sup>(3)</sup></li> </ul> </li> </ul>
<b>Offer Structure</b>	<ul style="list-style-type: none"> <li>• Entitlement Offer opens on Thursday, 10 August 2017 and closes at 5.00pm (Sydney time) on Friday, 25 August 2017</li> <li>• 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>(4)</sup></li> <li>• Entitlements commence trading on a deferred settlement basis on Friday, 4 August 2017 and cease trading on Friday, 18 August 2017</li> <li>• Entitlements not taken up, and entitlements that would have been offered to ineligible shareholders, will be sold in the shortfall bookbuild on Friday, 25 August 2017</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>• New Shares will rank equally with existing ordinary shares from their time of issue</li> </ul>
<b>Record Date</b>	<ul style="list-style-type: none"> <li>• 7.00pm (Sydney time) on Monday, 7 August 2017</li> </ul>
<b>Roles</b>	<ul style="list-style-type: none"> <li>• Morgan Stanley Australia Securities Limited is acting as Lead Joint Global Coordinator, Lead Bookrunner and Joint Lead Manager</li> <li>• J.P. Morgan Australia Limited and China International Capital Corporation Hong Kong Securities Limited are acting as Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers</li> </ul>

## Notes:

1 Subject to certain termination events, please refer to Section 7.4(c) of the Entitlement Offer Booklet

2 Evercharm International Investments Ltd, an entity associated with General Nice Development Ltd, will be the entity subscribing for New Shares in the Placement

3 As at 31 July 2017 and based on 0.80 USD per AUD

4 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. Please refer to Section 1.1 of the Entitlement Offer Booklet

# Equity Raising Timetable

Event	Date
Announcement of the Entitlement Offer and the Placement	10.00pm, 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 despatched to Eligible Shareholders	Thursday, 10 August 2017
Entitlements commence trading 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 <sup>(1)</sup>	5.00pm on Friday, 25 August 2017
Entitlement Offer Bookbuild (if required)	Friday, 25 August 2017
Settlement of New Shares and Placement and settlement of Additional New Shares	Wednesday, 30 August 2017
Issue of New Shares and Placement and issue of Additional New Shares	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

**Notes:**

<sup>1</sup> Applications by cheque, bank draft or money order must be received by the Registry by no later than 5.00pm (Sydney time) on Tuesday, 22 August 2017

# Summary of Risk Factors

There are various risks associated with an investment in Yancoal, and many of these are outside the control of the Company. Please refer to the expanded Risk Factors in the Entitlement Offer Booklet for further detail

## Key Risk Factors

Acquisition Risks	Company Risks	Equity Raising Risks	General Risks
Satisfaction of Acquisition conditions	Funding requirements and refinancing risk	Market price of New Shares	Economic conditions
Risks associated with Coal & Allied	Financial covenants	Liquidity and realisation	Change in investor sentiment
Integration issues	Yanzhou support	Underwriting risk	Changes in interest rates or exchange rates
Mitsubishi Tag-along Agreement transaction risks	Yankuang Back-stop Facility approvals	Risk of renouncing Entitlements	Changes in inflation
Wallaby Scrub Road approval	Adverse foreign exchange rate movements	Risk of selling or transferring Entitlements	Changes in domestic or global policies
Protected industrial action	Coal prices, demand, production and supply	Ownership dilution	Changes in environmental conditions
Bank guarantee facilities	Debt cost, taxation and insurance risks		Geo-political conditions
Pro forma market valuation	Regulatory and other approvals		General market conditions and developments
Pro forma leverage	Estimates of Resources and Reserves		Economic and natural disasters
BLCP Agreement	Uncertainty in costs forecast		
	Take-or-pay liabilities		
	NCIG and WICET debt		
	Operating, safety and environmental risks		
	Control of Watagan		
	Impairment risks and accounting standards		
	Investment in WICET		
	Mine closure		
	Joint ventures, competition and counterparty risk		
	Land ownership, exploration and development		
	Coal royalties		
	Technological or government change		
	Key personnel		
	Litigation		
	Transport and infrastructure		



## Section 3: Investment Highlights





# Investment Story

## (A) Transformational Acquisition

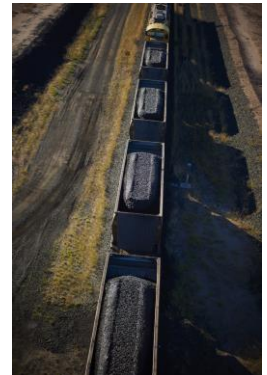
- ✓ Creating Australia's largest pure-play coal producer
- ✓ Owner of three flagship thermal coal mines in Australia
- ✓ Potential to unlock substantial synergies, with incremental value to be delivered by the Glencore Transaction

## (B) Compelling Investment Opportunity

- ✓ Sustainable capital structure and future cash flow generation to support deleveraging and value creation
- ✓ Accretive across key operational and financial metrics

## (C) Strong Industry Fundamentals

- ✓ HELE<sup>(1)</sup> plants to drive demand for high quality coal
- ✓ NDRC<sup>(2)</sup> scheme provides coal price support for 2017



### Notes:

1 HELE = high efficiency, low emission coal-fired power plants

2 NDRC = National Development and Reform Commission

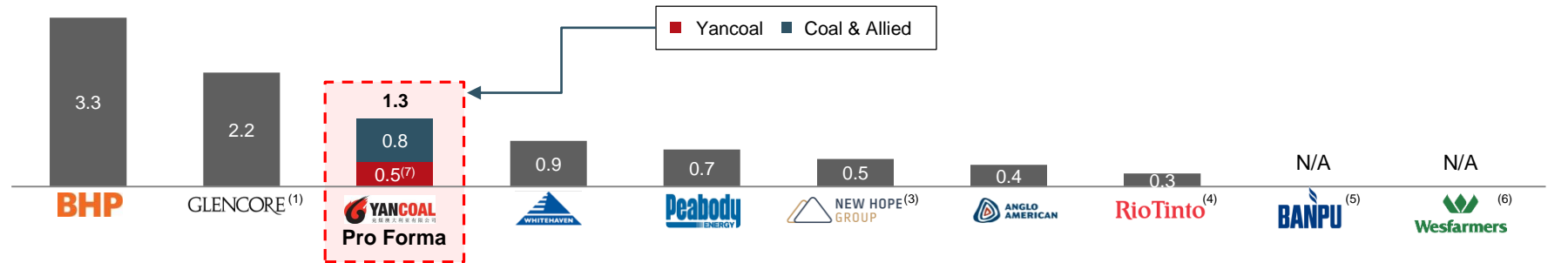
# Creating Australia's Largest Pure-Play Coal Producer

Transformational Acquisition  
Compelling Investment Opportunity  
Strong Industry Fundamentals

## Top 3 by reserves and production and the largest pure-play Australian coal producer

### Marketable Coal Reserves

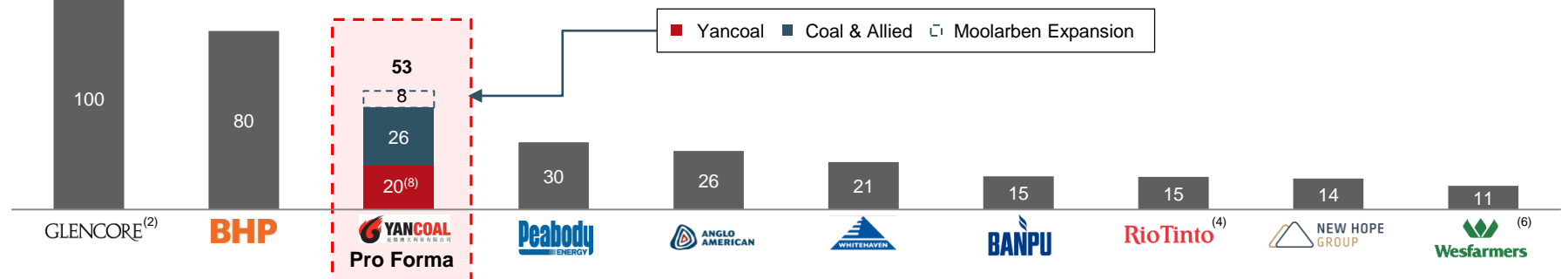
(100% basis, Bt)



Source: Wood Mackenzie – Dataset: May 2017, company filings

### CY16A Saleable Production

(100% basis, Mt)



Source: Wood Mackenzie – Dataset: May 2017, company filings

#### Notes:

- Sum of Glencore's existing (1.9Bt) and 49% of HVO (0.3Bt)
- Sum of Glencore's existing (93Mt) and 49% of HVO (7Mt)
- Bengalla based on Rio Tinto's 2015 Annual Report (last publicly disclosed)
- Excludes HVO and MTW
- Do not report Marketable Coal Reserves

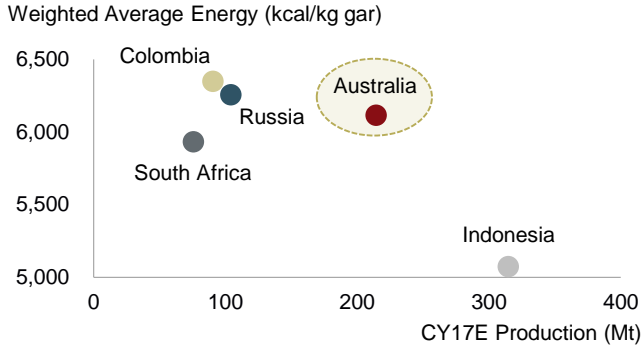
- Excludes non-controlling interest in Bengalla
- Sum of Yancoal majority owned assets, i.e. Moolarben, Yarrabee and Stratford Duralie (291Mt); Middlemount (55Mt); and Watagan, i.e. Astar, Ashton and Donaldson (128Mt)
- Sum of Yancoal majority owned assets, i.e. Moolarben, Yarrabee and Stratford Duralie (13.3Mt); Middlemount (4.1Mt); and Watagan, i.e. Astar, Ashton and Donaldson (2.4Mt)

# Owner of Three Flagship Thermal Coal Mines in Australia

Transformational Acquisition  
 Compelling Investment Opportunity  
 Strong Industry Fundamentals

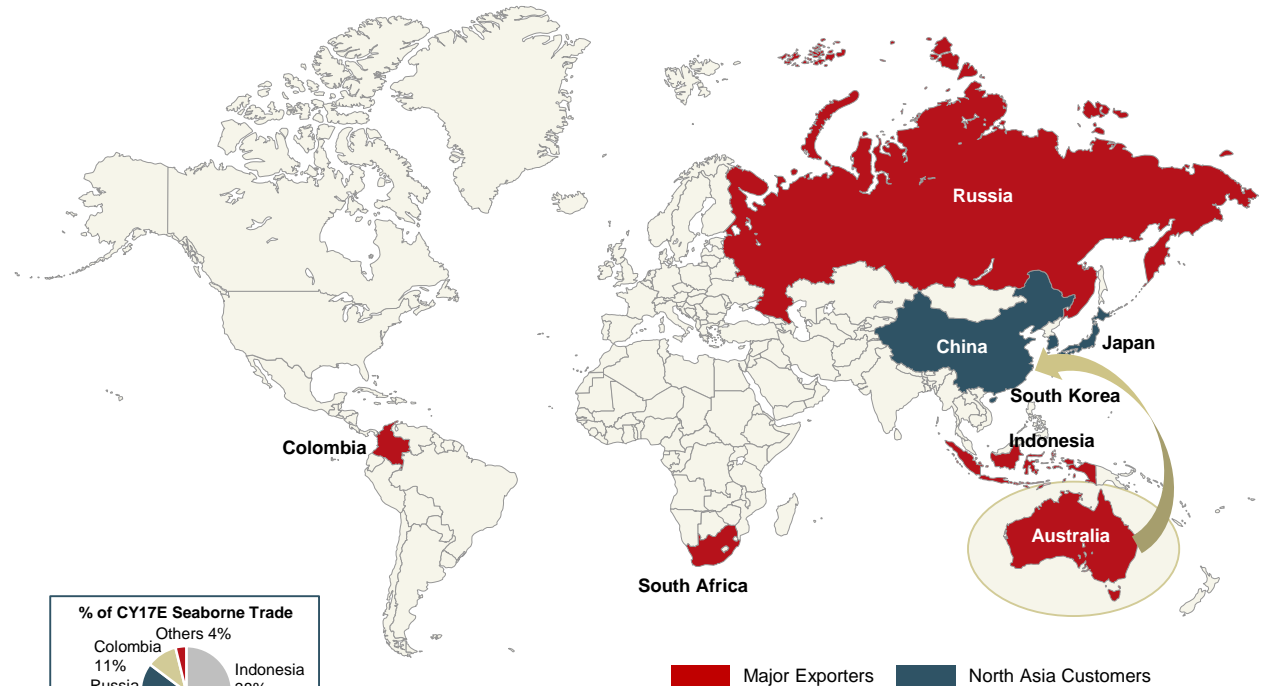
## Yancoal will own majority interests in 3 of the 10 largest thermal coal mining operations in Australia

### Energy Content by Major Exporters

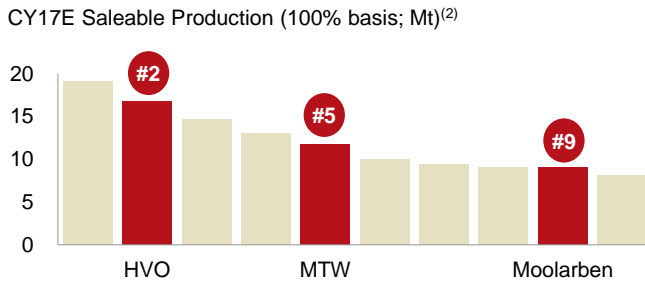


Source: Wood Mackenzie – Dataset: November 2016

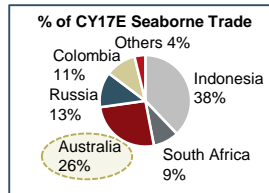
### Freight Distance Between Major Exporters and North Asia Customers



### Top 10 Australian Majority<sup>(1)</sup> Thermal Coal Mines



Source: Wood Mackenzie – Dataset: November 2016



Source: Wood Mackenzie – Dataset: November 2016

Notes:

- Mines where thermal coal comprises at least 50% of saleable production
- Includes all thermal and metallurgical coal production from the mine in CY17E

# Potential to Unlock Substantial Synergies

Coal & Allied Acquisition to unlock A\$120 – 145 million of potential operational synergies annually between Yancoal and Coal & Allied<sup>(1)</sup>

## Potential Synergies<sup>(1)</sup>

Source	Description	Estimated Annual Benefit (A\$ million)
1 Coal Blending and Marketing	<ul style="list-style-type: none"> <li>The ability to blend and better manage coal quality specifications to realise a higher overall coal product price</li> </ul>	25
2 Site, Infrastructure and Procurement Efficiencies	<ul style="list-style-type: none"> <li>Optimisation of equipment usage across all sites</li> <li>Productivity improvements across the mining value chain from adoption of best practice mining methodologies</li> <li>Cost savings through utilisation of enhanced purchasing power and re-pricing of contracts</li> </ul>	60 – 85
3 Corporate and Administrative Cost Savings	<ul style="list-style-type: none"> <li>The ability to operate without duplication of corporate overheads</li> </ul>	35
<b>Total (A\$ million)</b>		<b>120 – 145</b>
<b>Total (A\$/t)<sup>(2)</sup></b>		<b>4.4 – 5.3</b>
4 Tax Loss Utilisation	<ul style="list-style-type: none"> <li>Potential to utilise carried forward tax losses to offset future taxable profits of the combined group</li> <li>Yancoal is estimated to have a deferred tax asset of approximately A\$1 billion in relation to carried forward tax losses<sup>(3)</sup></li> </ul>	

- Additional potential synergies expected from:
  - Implementation of the Glencore Transaction<sup>(1)</sup>; and
  - Potential interest savings on BOC loan<sup>(4)</sup>

### Notes:

1 Yancoal expects substantial synergies to be realised from the Coal & Allied Acquisition. The table lists the primary sources of synergies and estimates of their annualised benefits to Yancoal. These estimates assume, amongst other things, that Yancoal holds a 67.6% interest in HVO and manages HVO. The estimated annualised benefits to Yancoal from synergies following completion of the Glencore Transaction (which is subject to a number of conditions precedent that have not been satisfied as at the date of this presentation) is likely to be different to the estimates tabled below. These differences will reflect, amongst other things, that (i)

Yancoal's interest in HVO will reduce from 67.6% to 51.0% and (ii) HVO will be jointly managed by Yancoal and Glencore rather than just Yancoal

2 Based on mid-point of Yancoal pro forma attributable saleable production guidance of 27.5Mt for CY17E (see page 28)

3 Gross carried forward tax losses estimated to be A\$3.2 billion at 30 June 2017. These tax losses are subject to Australian tax loss recoupment tests

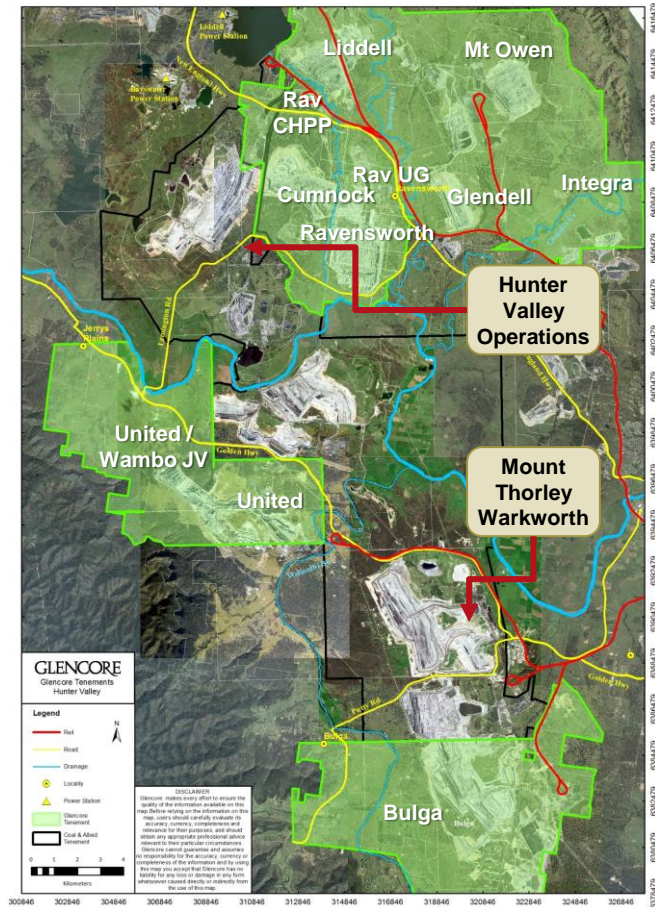
4 Interest saving on BOC loan is subject to BOC agreement



# Substantial Incremental Value Potential from a Yancoal and Glencore Partnership in the Hunter Valley

Transformational Acquisition  
 Compelling Investment Opportunity  
 Strong Industry Fundamentals

## Proximity of Glencore and Coal & Allied Assets



## Sources of Synergies

**1 Adjacent Mines**

- Potential significant increase in marketable reserves, mine life and reduced strip ratio / costs by mining coal from barriers between mines
- Equipment optimisation across various Coal & Allied and Glencore sites
- Potential ability to capitalise on Glencore's unique integrated water and tailings management system to minimise future water infrastructure capex and reduce rehabilitation costs
- Coal blending and reduction in Take-or-Pay liabilities (through optimisation of logistics / port allocation)
- "Know how" on approvals process for ongoing mine operations and mine plan changes

**2 Economies of Scale**

- Potential significant value can be added through Glencore's "economies of scale":
  - Access to group-wide contracts for equipment replacement and parts
  - Overheads and support services rationalisation
  - Optimisation of insurance coverage
  - Access to low cost goods and services contracts
  - Access to Glencore's mining IP and technology

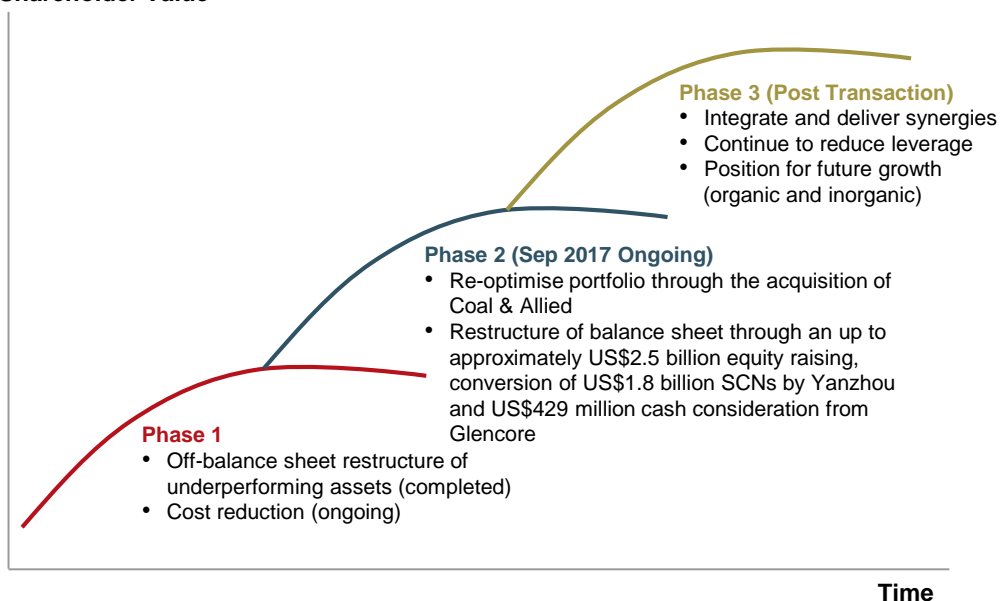
# Sustainable Capital Structure and Future Cash Flow Generation To Support Deleveraging and Value Creation

Transformational Acquisition  
Compelling Investment Opportunity  
Strong Industry Fundamentals

Sustainable pro forma balance sheet and portfolio optionality to support shareholder returns

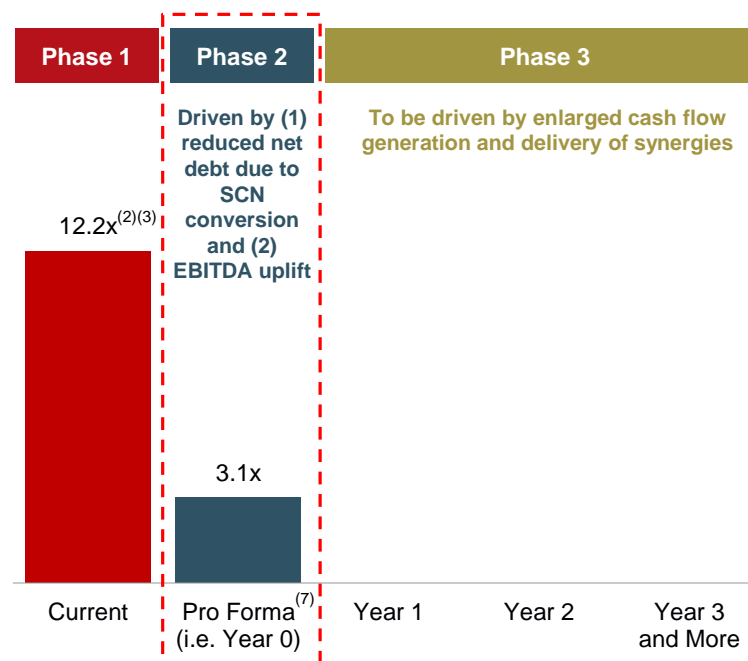
## Illustrative Value Creation for Yancoal's Shareholders

### Shareholder Value



## Illustrative Balance Sheet Improvement

Net Debt / EBITDA (LTM 30 June 2017) (x)<sup>(1)(4)(5)(6)</sup>



### Notes:

- Net debt exclude finance leases, non-contingent royalty payable to Rio Tinto and potential cashflow benefit from tax losses utilisation by Yancoal pro forma
- SCNs have only been included as debt for this illustration given they are ranked ahead of ordinary equity and carry discretionary but cumulative distributions. If SCN distributions are unpaid, no dividends on Yancoal ordinary shares can be paid. However, we note that SCN's are treated as equity for accounting and tax purposes
- Yanzhou has committed to convert as many of its SCNs as is permitted, having regard to the Australian Takeovers Panel order, and this is expected to result in the conversion of all of Yanzhou's SCNs at the time that the equity raising is settled
- Net debt excludes debt bonds (current face value of US\$775 million) issued by Watagan which is deconsolidated from Yancoal's financial statement. EBITDA excludes EBITDA from Watagan which is deconsolidated from Yancoal's financial statement. See Section 2.4(b) of the Entitlement Offer Booklet for more details on Watagan

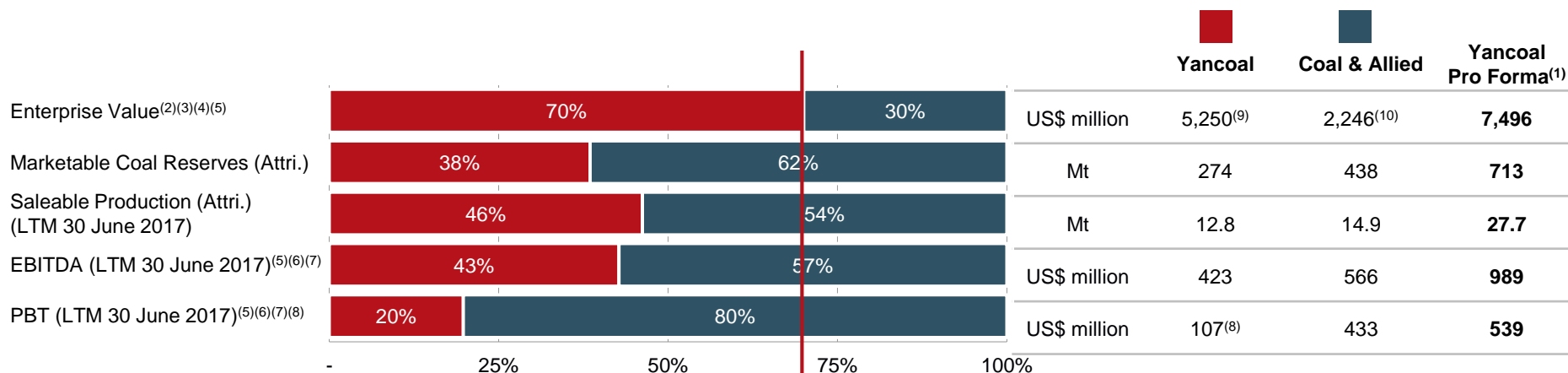
- Yancoal financial information sourced from unaudited management accounts. Yancoal pro forma includes run-rate synergies identified from the Coal & Allied Acquisition (as described on page 20). It is adjusted for 51% interest in HVO rather than 67.6% (i.e. reduction in synergies) but does not include potential incremental synergies from Glencore Transaction
- 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
- Pro Forma assumes Coal & Allied Acquisition and Glencore Transaction

# Accretive Across Key Operational and Financial Metrics

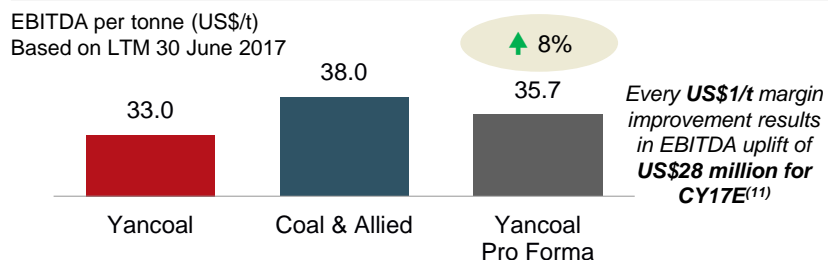
Transformational Acquisition  
Compelling Investment Opportunity  
Strong Industry Fundamentals

## Attractive investment proposition for shareholders

### 1 Accretive Transaction



### 2 Margin Improvement



### 3 Attractive Acquisition Multiples

- Based on net acquisition price of US\$2,246 million<sup>(10)</sup>:
  - EV / Marketable Coal Reserves: US\$5.1/t
  - EV / EBITDA (LTM 30 June 2017): 4.0x
  - EV / EBITDA (1H CY17A Annualised): 3.3x<sup>(12)</sup>

#### Notes:

- Pro Forma assumes Coal & Allied Acquisition and Glencore Transaction
- Net debt exclude finance leases, non-contingent royalty payable to Rio Tinto and potential cashflow benefit from tax losses utilisation by Yancoal pro forma
- SCNs have only been included as debt for this illustration given they are ranked ahead of ordinary equity and carry discretionary but cumulative distributions. If SCN distributions are unpaid, no dividends on Yancoal ordinary shares can be paid. However, we note that SCN's are treated as equity for accounting and tax purposes
- Yanzhou has committed to convert as many of its SCNs as is permitted, having regard to the Australian Takeovers Panel order, and this is expected to result in the conversion of all of Yanzhou's SCNs at the time that the equity raising is settled
- Net debt excludes debt bonds (current face value of US\$775 million) issued by Watagan which is deconsolidated from Yancoal's financial statement. EBITDA and PBT excludes EBITDA and PBT from Watagan which is deconsolidated from Yancoal's financial statement. See Section 2.4(b) of the Entitlement Offer Booklet for more details on Watagan
- Yancoal financial information sourced from unaudited management accounts. Yancoal pro forma includes run-rate synergies identified from the Coal & Allied Acquisition (as described on page 20). It is adjusted for 51%

interest in HVO rather than 67.6% (i.e. reduction in synergies) but does not include potential incremental synergies from Glencore Transaction

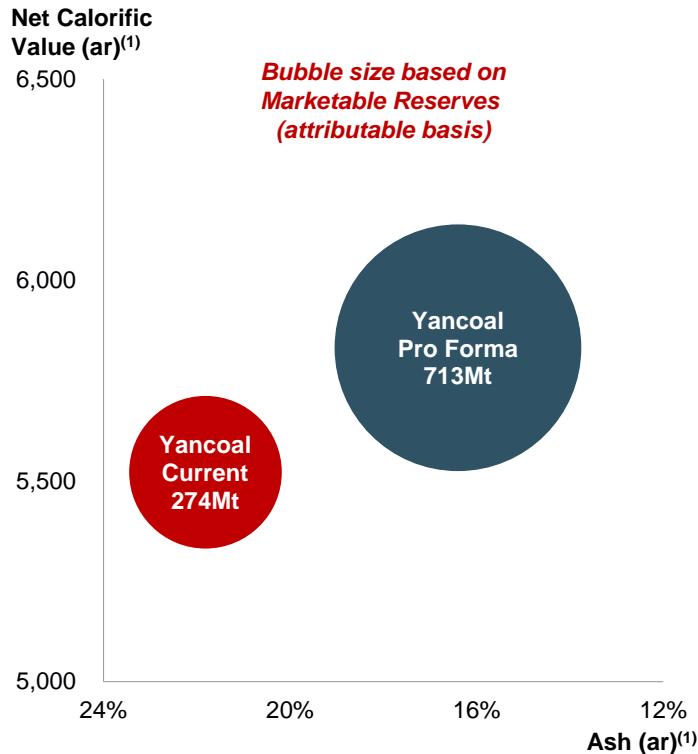
- Coal & Allied operational and financial information has been sourced from HVO and MTW unaudited management information. Rio Tinto has not reviewed the financial information set out above and accepts no responsibility for that information
- Adjusted for the fair value losses recycled on hedge reserve, stamp duty, transaction costs and revaluation of royalty. Yancoal PBT of US\$107 million excludes SCNs coupon payment. US\$1.8 billion of SCNs at 7% p.a. coupon is equivalent to US\$126 million annually
- Market cap based on US\$0.10 per share
- Upfront consideration payable to Rio Tinto (US\$2,450 million) plus transaction costs (US\$225 million) and less consideration received from Glencore (US\$429 million)
- Based on mid-point of Yancoal pro forma attributable saleable production guidance of 27.5Mt for CY17E (see page 28)
- The 1H CY17A annualised EBITDA is not a CY17 forecast and simply reflects a doubling of 1H results. It is also normalised for one-off events (i.e. transaction costs incl. stamp duty). Coal & Allied EBITDA (1H CY17A annualised) calculated as US\$1,141 million less US\$451 million (see page 10)

# HELE Plants to Drive Demand For High Quality Coal

Transformational Acquisition  
Compelling Investment Opportunity  
Strong Industry Fundamentals

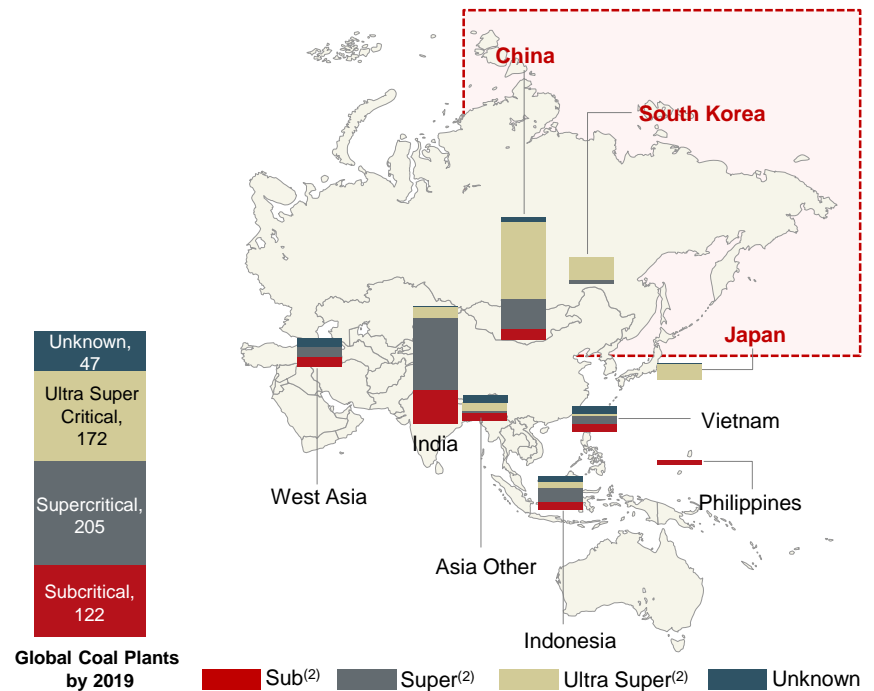
Yancoal's thermal coal products well placed to capitalise on the substantial build out of modern super critical and ultra-super critical generation capacity in Asia

## Improved Scale and Skew Towards High Quality Coal



## New Coal-Fired Power Plants in Asia in 2019

New Coal-Fired Power Plant Construction is Centered in Asia, with Super Critical and Ultra Super Critical Plants a Key Focus



Source: Platts, World Coal Association, Morgan Stanley Research

- Yancoal's thermal coal product offering increases in scale and quality as a result of the Coal & Allied Acquisition
- Well placed to capitalise on the substantial build out of modern super critical and ultra-super critical generation capacity in Asia, which requires high quality thermal coal consistent with the coal products supplied by Moolarben and Coal & Allied assets

**Notes:**

1 Estimated weighted average  
2 Sub Critical defined as plants with 32% net thermal efficiency; Super Critical defined as plants with 36% net thermal efficiency; Ultra Super Critical defined as plants with 39% net thermal efficiency

# NDRC Scheme Provides Coal Price Support for 2017

NDRC policy expect to support benchmark price of ~US\$69-78/t going forward

## NDRC Scheme for Domestic Coal Price for 2017

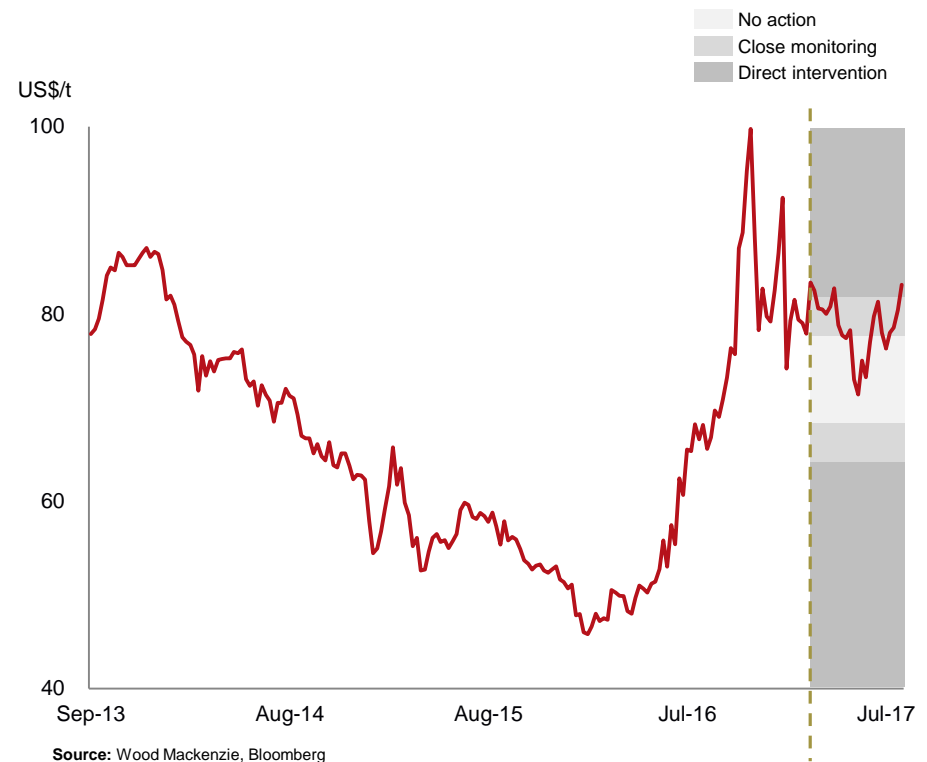
- Thermal coal price capped at RMB 535/t (“Base Price”)
- **±6% of Base Price:** no action is required
- **±6 to 12% of Base Price:** market is closely monitored and guiding measures may be taken if necessary
- **±12% or more of Base Price:** NDRC will intervene

## Key Assumptions for Implied Newcastle FOB

- **Freight costs**
  - Qinhuangdao to Guangzhou: RMB 34/t (i.e. US\$5/t<sup>(1)</sup>)
  - Newcastle to Guangzhou: US\$7.2/t
- **Energy / ash differential**
  - China: ~5,500 nar / ~20% ash
  - Australia: ~6,000 nar / ~15% ash
- **Others**
  - 6.8 RMB per USD
  - 17% VAT

Source: Wood Mackenzie

## Newcastle FOB Thermal Coal Price Overlaid With NDRC Scheme



Announcement:  
15 February 2017

Notes:

1 Converted at 6.8 RMB per USD



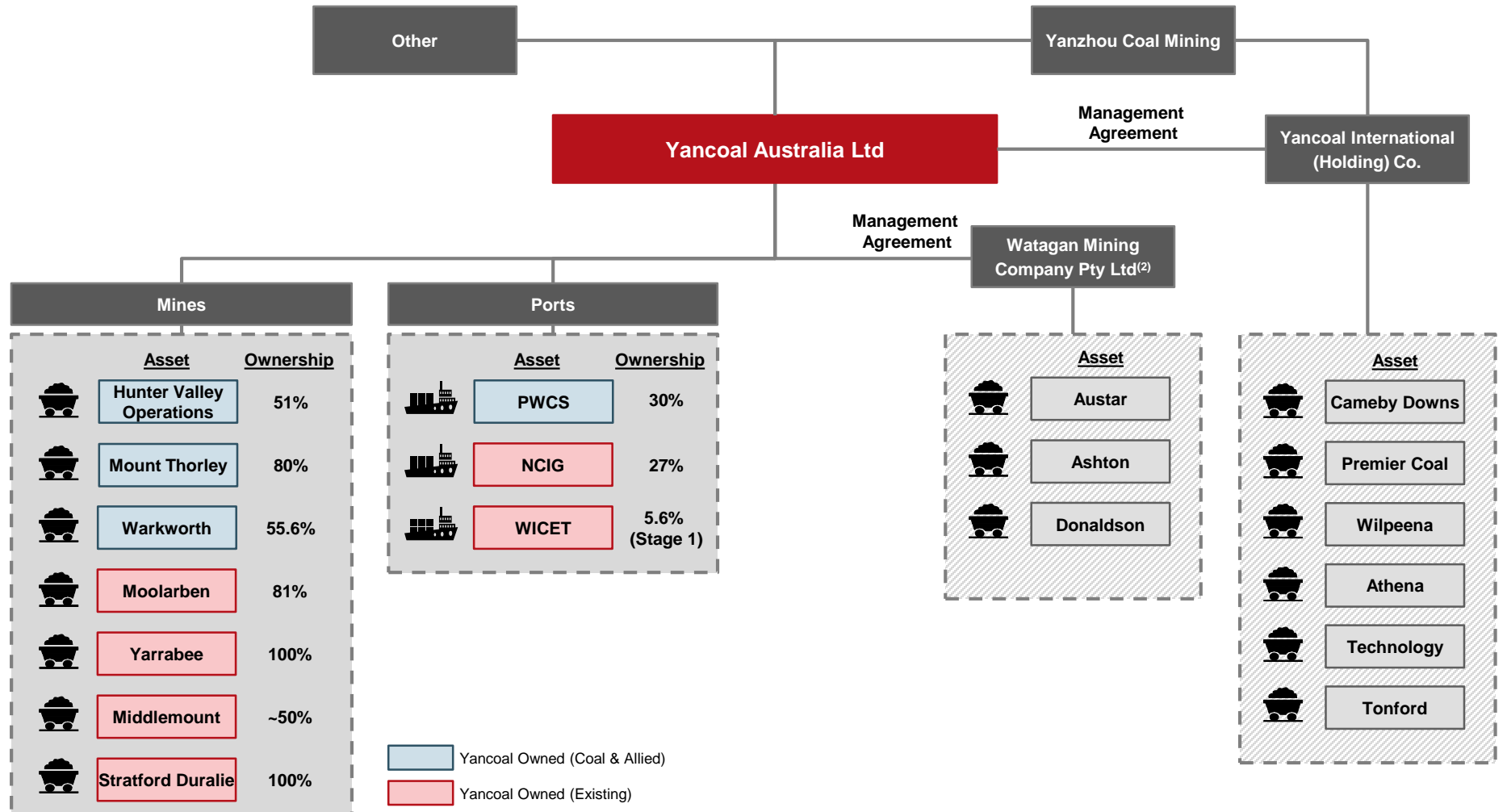


## Section 4: Pro Forma Group Overview



# Yancoal Pro Forma Organisational Structure

Yancoal Pro Forma Organisational Structure<sup>(1)</sup>



Notes:

- 1 Ownership on a pro forma basis for the Coal & Allied Acquisition and Glencore Transaction
- 2 Watagan is owned but not controlled by Yancoal Australia

# Yancoal Pro Forma Operating and Financial Overview – Historical and Guidance

		Historical				Guidance		
		CY14	CY15	CY16	CY17 YTD <sup>(1)</sup>	CY17	CY18	
Yancoal <sup>(2)(5)</sup>	ROM Coal Production	Mt	13.0	12.5	14.8	7.9	15 - 17	17 - 19
	Saleable Coal Production	Mt	10.3	9.8	11.5	6.5	13 - 14	14 - 16
	FOB Cash Costs (Ex. Royalties) <sup>(6)</sup>	A\$/t (Saleable)	66.9	65.4	59.5	58.7	57 - 63	54 - 60
	Price Achievement	A\$/t (Sales)	83.8	77.1	79.9	107.7		
	Product Mix <sup>(7)</sup>	% (Thermal / Met)	62 / 38	65 / 35	75 / 25	79 / 21	c. 75 / 25	c. 85 / 15
	Capex	A\$ million	102	170	248	101	220 - 240	60 - 70
	Operating EBITDA	A\$ million	118	74	180			
Coal & Allied <sup>(3)(4)(5)</sup>	ROM Coal Production	Mt	20.5	19.7	20.8	10.6	20 - 22	20 - 23
	Saleable Coal Production	Mt	14.7	14.2	14.9	7.5	14 - 15	14 - 16
	FOB Cash Costs (Ex. Royalties) <sup>(6)</sup>	A\$/t (Saleable)	61.2	61.8	57.1	60.9	55 - 60	53 - 59
	Price Achievement	A\$/t (Sales)	86.5	89.6	91.5	123.1		
	Product Mix <sup>(7)</sup>	% (Thermal / Met)	81 / 19	79 / 21	78 / 22	82 / 18	c. 80 / 20	c. 80 / 20
	Capex	A\$ million	53	35	38	15	70 - 80	70 - 80
	Operating EBITDA	A\$ million	223	293	403			
Yancoal Pro Forma <sup>(4)(5)</sup>	ROM Coal Production	Mt	33.6	32.2	35.6	18.5	35 - 38	38 - 42
	Saleable Coal Production	Mt	25.0	24.0	26.4	14.0	26 - 29	29 - 32
	FOB Cash Costs (Ex. Royalties) <sup>(6)</sup>	A\$/t (Saleable)	63.6	63.3	58.1	59.9	56 - 62	54 - 59
	Price Achievement	A\$/t (Sales)	85.4	84.4	86.5	115.9		
	Product Mix <sup>(7)</sup>	% (Thermal / Met)	73 / 27	73 / 27	77 / 23	81 / 19	c. 80 / 20	c. 85 / 15
	Capex	A\$ million	155	205	286	116	290 - 320	130 - 150
	Operating EBITDA	A\$ million	341	367	583			












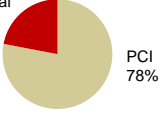

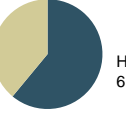
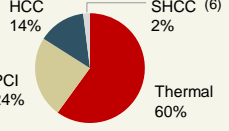
## Notes:

- 1 6 months ending 30 June 2017; unaudited
- 2 All figures relate to 81% of Moolarben, 100% of Yarrabee and 100% of Stratford Duralie only. Figures do not include Middlemount, the Watagan assets (Austar, Ashton and Donaldson), Cameby Downs, Premier or corporate
- 3 All figures relate to 51% of HVO and 64% of MTW. Figures do not include corporate
- 4 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

- 5 Yancoal Pro Forma may differ from the sum of Yancoal and Coal & Allied due to rounding
- 6 Includes take or pay costs on an attributable basis. For Coal & Allied, excludes Mount Pleasant take or pay costs
- 7 Pre-blending basis

# Yancoal Asset Summary

Moolarben is a large scale thermal coal mine located in the Western Coalfields of NSW

	Moolarben	Yarrabee	Stratford Duralie	Middlemount	Total
<b>Location</b>					 
<b>Ownership</b>					
<b>Marketable Coal Reserves (Mt)<sup>(1)</sup></b>	232	33	26	55	346
<b>Coal Resources (Mt)<sup>(1)</sup></b>	1,260	200	316	130	2,003 <sup>(4)</sup>
<b>CY16A Saleable Production (Mt)</b>	<b>100%: 9.3</b> <b>Attributable: 7.6</b>	<b>100%: 3.1</b> <b>Attributable: 3.1</b>	<b>100%: 0.9</b> <b>Attributable: 0.9</b>	<b>100%: 4.1</b> <b>Attributable: 2.0</b>	<b>100%: 13.3<sup>(5)</sup></b> <b>Attributable: 11.5<sup>(5)</sup></b>
<b>Mine Life (Years, 2017+)<sup>(2)</sup></b>	>20	>10	>20	>12	N/A
<b>Expansion Upside</b>	✓	✓	✓	✓	✓
<b>Product Mix<sup>(3)</sup></b>					
<b>Infrastructure</b>	Shipped via the Port of Newcastle	Shipped via the Port of Gladstone	Shipped via the Port of Newcastle	Shipped via Dalrymple Bay Coal Terminal and Abbot Point Coal Terminal	
	<b>Flagship Asset</b>				

Source: Yancoal 2016 Annual Report, Yancoal 4Q 2016 Report, Yancoal 2016 Resources and Reserves





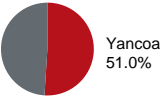
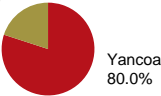
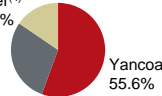
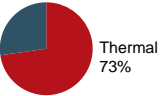
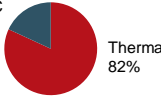

**Notes:**

- 100% basis. Refer to Reserves and Resources in Appendix and Section 2.4(d) of the Entitlement Offer Booklet
- Mine life estimate based on Marketable Coal Reserves and annual production on 100% basis
- Based on CY16A saleable production (100% basis)

- Include Coal Resources of 97Mt for Monash (development asset)
- Excludes Middlemount and other Yancoal managed assets
- Based on CY16A saleable production (100% basis) of Yancoal-owned assets only

# Coal & Allied Asset Summary

Yancoal will acquire majority interests in two of Australia's largest thermal coal operations which produce high quality thermal coal products in demand with blue chip customers in North Asia

	Hunter Valley Operations	Mount Thorley	Warkworth	Total
Location				
Ownership	 <p>Glencore 49.0% Yancoal 51.0%</p>	 <p>POSCO 20.0% Yancoal 80.0%</p>	 <p>Other<sup>(4)</sup> 15.5% Mitsubishi 28.9% Yancoal 55.6%</p>	
Marketable Coal Reserves (Mt) <sup>(1)</sup>	616	12	206	834
Coal Resources (Mt) <sup>(1)</sup>	1,831	322	966	3,119
CY16A Saleable Production (Mt)	<b>100%: 13.6</b> Attributable: 7.0	<b>100%: 12.3</b> Attributable: 7.9		<b>100%: 25.9</b> Attributable: 14.9
Mine Life (Years, 2017+) <sup>(2)</sup>	46	19		N/A
Expansion Upside	✓	✓	✓	✓
Product Mix <sup>(3)</sup>	 <p>SSCC 27% Thermal 73%</p>	 <p>SSCC 18% Thermal 82%</p>	 <p>SSCC 23% Thermal 77%</p>	
Infrastructure	Shipped via the Port of Newcastle	Shipped via the Port of Newcastle		Shipped via the Port of Newcastle
		<b>Integrated</b>		

Source: Rio Tinto 2016 Annual Report, Rio Tinto 4Q 2016 Production Results, Rio Tinto ASX Announcement (24 January 2017), Coal & Allied unaudited management information, HVO and MTW unaudited management information

## Notes:

- 100% basis. Refer to Reserves and Resources in Appendix and Section 2.4(d) of the Entitlement Offer Booklet
- Mine life estimate based on Marketable Coal Reserves and annual production on 100% basis, based on Coal & Allied unaudited management information
- Based on CY16A saleable production (100% basis)
- Others include Nippon Steel (9.5%) and Mitsubishi Materials (6.0%)





## Appendix A: Reserves and Resources



# Reserves and Resources

## Reserves and Resources<sup>(1)(2)</sup>

	Yancoal Status Quo <sup>(3)(4)</sup>		Coal & Allied <sup>(5)</sup>		Glencore Transaction Adjustment		Yancoal Pro Forma	
	100%	Attributable	100%	Attributable	100%	Attributable	100%	Attributable
Marketable Coal Reserves (Mt)	346	274	834	541	N/A	(102)	1,180	713
Coal Resources (Mt)	2,003 <sup>(6)</sup>	1,699 <sup>(6)</sup>	3,119 <sup>(7)</sup>	2,032 <sup>(7)</sup>	N/A	(304) <sup>(7)</sup>	N/A	N/A

### Notes:

- The information in this report that relates to Coal Resources and Marketable Coal Reserves is based on information compiled by Raymond Howard, an AusIMM Member and full-time employee of Yancoal. The estimates for Coal Resources and Marketable Coal Reserves<sup>(2)</sup> were generated by Competent Persons (as defined by the JORC Code)
  - Yancoal confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed
  - Yancoal confirms that the form and context in which the Competent Person's findings are presented have not been materially altered from those presented in the original ASX release
- Refer to Section 2.4(d) of the Entitlement Offer Booklet for further detail
- Coal Resources and Marketable Coal Reserves are sourced from the Yancoal announcement to the market "Coal Resource and Coal Reserve statement for year ending 31 December 2016" released on 24 January 2017 (yancoal.com.au). Competent Persons responsible for the Coal Resources and Coal Reserves are listed in the statement
- Marketable Coal Reserves and Coal Resources of Moolarben, Yarrabee, Stratford Duralie, Middlemount and Monash. It excludes Watagan and the Yancoal-managed Premier Coal and Cameby Downs operations
- Coal Resources and Marketable Coal Reserves are sourced from the Rio Tinto 2016 Annual Report (riotinto.com). Competent Persons responsible for Coal Resource and Reserve Reports are full-time employees of Rio Tinto, R Ruddock AusIMM and G Doyle AusIMM
- Coal Resources are reported inclusive of Coal Reserves
- Coal Resources are reported exclusive of Coal Reserves



## Appendix B: Selling Restrictions



# Selling Restrictions

- The information in this presentation has been prepared to comply with the applicable requirements of the securities laws of Australia, New Zealand and the jurisdictions contemplated in Section 8.6 of the Entitlement Offer Booklet (**Selling Restrictions**).
- The information in this presentation does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements, the New Shares or the Additional New Shares, or otherwise permit a public offering of the New Shares or Additional New Shares, in any jurisdiction outside of Australia. Return of the personalised Entitlement and Acceptance Form or your BPAY® payment will be taken by the Company to constitute an irrevocable representation by you that there has been no breach of any laws of a jurisdiction outside Australia, New Zealand or the jurisdictions contemplated in the 'Selling Restrictions' contained in Section 8.6 of the Entitlement Offer Booklet.
- The distribution of this presentation (including an electronic copy) outside Australia and the jurisdictions contemplated in the 'Selling Restrictions' contained in Section 8.6 of the Entitlement Offer Booklet may be restricted by law. If you come into possession of this presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

## Foreign jurisdictions

### Canada (British Columbia, Ontario and Quebec provinces)

- This presentation constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This presentation is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions, of the Canadian Securities Administrators*.
- No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this presentation, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence.
- No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the Entitlement Offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.
- The Company as well as its Directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its Directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.
- Any financial information contained in this presentation has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

# Selling Restrictions (Cont'd)

## Canada (British Columbia, Ontario and Quebec provinces (Cont'd))

- Unless stated otherwise, all dollar amounts contained in this presentation are in Australian dollars.
  - **Statutory rights of action for damages and rescission**
    - Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.
    - The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to this presentation (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this presentation document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this presentation contains a misrepresentation, a purchaser who purchases the Entitlements and the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.
    - Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.



# Selling Restrictions (Cont'd)

<b>Canada (British Columbia, Ontario and Quebec provinces (Cont'd))</b>	<ul style="list-style-type: none"><li>– <b>Certain Canadian income tax considerations</b><ul style="list-style-type: none"><li>▪ Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this presentation is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.</li></ul></li><li>– <b>Language of documents in Canada</b><ul style="list-style-type: none"><li>▪ Upon receipt of this presentation, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. <i>Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.</i></li></ul></li></ul>
<b>China</b>	<ul style="list-style-type: none"><li>• The information in this presentation does not constitute a public offer of the Entitlements or the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Entitlements and the New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors", sovereign wealth funds and quasi-government investment funds.</li></ul>
<b>Hong Kong</b>	<ul style="list-style-type: none"><li>• <b>WARNING:</b> This presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the <b>SFO</b>). No action has been taken in Hong Kong to authorise or register this presentation or to permit the distribution of this presentation or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).</li><li>• No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.</li><li>• The contents of this presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this presentation, you should obtain independent professional advice.</li></ul>

# Selling Restrictions (Cont'd)

<b>New Zealand</b>	<ul style="list-style-type: none"><li>• This presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the <b>FMC Act</b>).</li><li>• The Entitlements and the New Shares in the Entitlement Offer are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.</li><li>• Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:<ul style="list-style-type: none"><li>– is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;</li><li>– meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;</li><li>– is large within the meaning of clause 39 of Schedule 1 of the FMC Act;</li><li>– is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or</li><li>– is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.</li></ul></li><li>• In addition to the above, the Entitlements and the New Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. The offer of New Shares is renounceable in favour of members of the public. This presentation has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This presentation is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.</li></ul>
<b>Singapore</b>	<ul style="list-style-type: none"><li>• This presentation and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.</li></ul>
<b>United Kingdom</b>	<ul style="list-style-type: none"><li>• Neither the information in this presentation nor any other document relating to the Entitlement Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (<b>FSMA</b>)) has been published or is intended to be published in respect of the Entitlements or the New Shares.</li></ul>

# Selling Restrictions (Cont'd)

## United Kingdom (Cont'd)

- This presentation is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.
- Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.
- In the United Kingdom, this presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this presentation relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## United States

- This presentation and any material accompanying it may not be released or distributed in the United States. This presentation and any material accompanying it does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Entitlements, New Shares and Additional New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States and the New Shares and Additional New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The New Shares and Additional New Shares to be offered and sold to Eligible Shareholders will only be sold in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S thereunder.