

7 August 2017

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

ASX Release:

Entitlement Offer update: SCN conversion price adjustment

Yancoal Australia Ltd (ASX: YAL) (“**Yancoal**” or the “**Company**”) announces the volume weighted average price (**VWAP**) of Yancoal shares during the period of “cum rights” trading that will be used in determining the adjustment to the conversion price for the Yancoal SCN Limited Subordinated Capital Notes (“**SCNs**”), which are convertible into Yancoal shares.

In accordance with the terms of issue of the SCNs, the SCN conversion price is required to be adjusted if Yancoal conducts a right issue such as the Entitlement Offer, based on the number of Yancoal shares on issue prior to the rights issue, the number of Yancoal shares issued in the rights issue, the rights issue subscription price and the VWAP of Yancoal shares during the period of “cum rights” trading.

The period of “cum rights” trading in Yancoal shares in respect of the Entitlement Offer has now ended, and the VWAP of Yancoal shares during that period has been determined to be A\$0.246, or US\$0.195¹, per share.

The adjusted SCN conversion price will be determined once the final number of shares issued under the Entitlement Offer is known. However, if the Entitlement Offer is fully subscribed, based on the above VWAP of Yancoal shares, the conversion price for SCNs would be adjusted from US\$0.10 per Yancoal share to US\$0.053 per Yancoal share. The final adjustment will be announced when shares are issued in the Entitlement Offer.

However, it should be noted that regardless of the level of the adjustment, Yanzhou Coal Mining Co., Ltd. has agreed that its conversion of SCNs in connection with the Entitlement Offer will still be at the unadjusted price of USD0.10 per Yancoal share. The adjustment will therefore only affect the remaining 5,011 SCNs on issue.

END

For media enquiries, contact:

James Rickards
General Manager Investor Relations and Corporate Affairs
Phone: +61 2 8583 5300

¹ Based on the daily US\$/A\$ exchange rate published by the Reserve Bank of Australia of 0.7962 and 0.7923 on 2 August 2017 and 3 August 2017 respectively.

Mobile: +61 419 731 371

Email: James.Rickards@yancoal.com.au