

7 December 2017

ASX Release:

Early Redemption of Subordinated Capital Notes

Yancoal SCN Limited (ASX: YCN) (“**Yancoal SCN**”) will redeem all outstanding Yancoal SCN Limited Subordinated Capital Notes (“**SCNs**”) on 31 January 2018 (“**Early Redemption Date**”).

Under the terms of the SCNs (“**SCN Terms**”), if the aggregate principal amount of the SCNs outstanding is less than 10% of the aggregate principal amount of the SCNs issued on 24 November 2014, Yancoal SCN may redeem all outstanding SCNs. Yancoal SCN currently has 4,900 SCNs outstanding, which represents less than 10% of the aggregate principal amount of the SCNs originally issued.

It is contemplated that Yancoal SCN will seek to be removed from the official list after the Early Redemption Date, after all outstanding SCNs have been either converted or redeemed.

The Note Trustee (AET Limited) and SCN holders have been provided with notice of the Early Redemption Date. A copy of the Yancoal SCN announcement and notice to SCN holders is attached to this announcement.

Ends

Media and Investor Relations contact:

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ASX Release:

Early Redemption of Subordinated Capital Notes

Yancoal SCN Limited (ASX: YCN) (“**Yancoal SCN**” or the “**Company**”) announces that it will redeem all outstanding Yancoal SCN Limited Subordinated Capital Notes (“**SCNs**”) on 31 January 2018 (“**Early Redemption Date**”).

Under the terms of the SCNs (“**SCN Terms**”), if the aggregate principal amount of the SCNs outstanding is less than 10% of the aggregate principal amount of the SCNs issued on 24 November 2014, Yancoal SCN may redeem all outstanding SCNs. Yancoal SCN currently has 4,900 SCNs outstanding, which represents less than 10% of the aggregate principal amount of the SCNs originally issued.

On the Early Redemption Date, SCN holders will be entitled to paid the face value of USD\$100 (“**Face Value**”) for each SCN and the accrued distribution up until 31 January 2018 (“**Distribution**”) for each SCN, unless they instead elect to convert their SCNs.

Unless an SCN holder has elected to receive payments in respect of its SCNs in US Dollars, Yancoal SCN will use the Face Value and Distribution amount payable in US Dollars to purchase Australian Dollars from an Australian financial institution at the exchange rate quoted to Yancoal SCN by that financial institution and pay the amount received in Australian Dollars (after deducting any applicable fees, charges or commissions) to the SCN holder’s specified account. Unless SCN holders have already elected to receive payments in relation to the SCNs in US Dollars, SCN holders that wish to be paid the Face Value and Distribution in US Dollars must notify Computershare by no later than 5.00pm AEDT on 23 January 2018.

SCN holders that wish to convert their SCNs to Yancoal Australia Limited (“**Yancoal**”) shares rather than having them redeemed on the Early Redemption Date must provide the Company and Yancoal with a notice to convert their SCNs (prepared in accordance with the SCN Terms) (“**Conversion Notice**”) no later than 5.00pm AEDT on 15 January 2018 (“**Conversion Cut-Off Date**”). SCN holders that elect to convert their SCNs will be issued with Yancoal shares and will be paid the Distribution for each SCN on 31 January 2018 (unless the Conversion Notice is received on or before 5.00pm AEDT on 13 December 2017, in which case the SCN holder will be issued with Yancoal shares on 31 December 2017 and the SCN holder will **not be** entitled to a Distribution).¹

¹ The conversion price is USD\$0.053 per Yancoal share, being the adjusted conversion basis following the recent entitlement offer.

The record date for payment of the Distribution will be 23 January 2018 (“**Record Date**”). Yancoal SCN will seek a voluntary suspension of ASX trading of SCNs from the close of business on 19 January 2018.

It is contemplated that Yancoal SCN will seek to be removed from the official list after the Early Redemption Date, after all outstanding SCNs have been either converted or redeemed.

The Note Trustee (AET Limited) and SCN holders have been provided with notice of the Early Redemption Date. A copy of the notice to SCN holders is attached to this announcement.

Ends

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Dear Noteholder,

SCN EARLY REDEMPTION NOTICE

Yancoal SCN Limited (**Yancoal SCN**) notifies holders of Yancoal SCN Limited Subordinated Capital Notes (**SCNs**) that all outstanding SCNs will be redeemed on 31 January 2018 (**Early Redemption Date**) in accordance with clause 5.2(c) of SCN terms.

On the Early Redemption Date all SCNs will be automatically redeemed by Yancoal SCN.

SCN holders will be paid the face value of USD\$100 (**Face Value**) for each SCN and the accrued distribution up until 31 January 2018 (**Distribution**) for each SCN, unless they instead elect to convert their SCNs in accordance with the SCN terms.

Unless an SCN holder has elected to receive payments in respect of its SCNs in US Dollars, Yancoal SCN will use the Face Value and Distribution amount payable in US Dollars to purchase Australian Dollars from an Australian financial institution at the exchange rate quoted to Yancoal SCN by that financial institution and pay the amount received in Australian Dollars (after deducting any applicable fees, charges or commissions) to the SCN holder's specified account. Unless SCN holders have already elected to receive payments in relation to the SCNs in US Dollars, SCN holders that wish to be paid the Face Value and Distribution in US Dollars must notify Computershare by no later than 5.00pm AEDT on 23 January 2018.

SCN holders that wish to convert their SCNs to Yancoal Australia Limited (**Yancoal**) shares rather than having them redeemed on the Early Redemption Date must provide Yancoal SCN and Yancoal with a notice to convert their SCNs (prepared in accordance with the SCN terms) (**Conversion Notice**) no later than 5.00pm AEDT on 15 January 2018. SCN holders that elect to convert their SCNs will be issued with Yancoal shares and will be paid the Distribution for each SCN on 31 January 2018 (unless the Conversion Notice is received on or before 5.00pm AEDT on 13 December 2017, in which case the SCN holder will be issued with Yancoal shares on 31 December 2017 and the SCN holder will **not be** entitled to a Distribution).

Conversion Notices can be obtained by contacting Computershare on 1300 850 505 or +61 3 9415 4000.

Yours sincerely



Yancoal SCN Limited