



# Quarterly Report

FOR QUARTER ENDING MARCH 2018

## HIGHLIGHTS

- Quarterly saleable coal production (equity share) of 8.98 million tonnes, up 115% on the year prior.
- Quarterly sales volumes (equity share) of 9.22 million tonnes, up 84% on the year prior.
- Thermal coal sales volumes (equity share) of 6.97 million tonnes, up 123% on the year prior. Metallurgical coal sales volumes (equity share) of 2.25 million tonnes, up 19% on the year prior.
- Moolarben production up 53% on the year prior, benefitting from a full quarter's sustained longwall production and consistent open cut extraction rates.
- Mount Thorley Warkworth and Hunter Valley Operations maintained consistent extraction rates throughout the reporting period.
- On 7 March 2018, Yancoal Australia Ltd ("Yancoal") announced the completion of its purchase of Mitsubishi Development Pty Ltd's 28.898% interest in the Warkworth joint venture. Yancoal now owns approximately 84.472% of the Warkworth joint venture, increasing Yancoal's share of coal production from the integrated Mount Thorley Warkworth operations from 64.1% to 82.9%.

## OPERATIONS

In New South Wales, Yancoal operated the Moolarben (81% ownership), Hunter Valley Operations (51% ownership<sup>1</sup>), Mount Thorley Warkworth (82.9% ownership) and Stratford Duralie (100% ownership) mines, and managed the underground mines of Austar (100% ownership), Ashton (100% ownership) and Donaldson<sup>2</sup> (100% ownership) on behalf of Watagan Mining Company Pty Ltd (“Watagan”)<sup>3</sup>.

Attributable production includes only 51% interest in Hunter Valley Operations on the basis that Glencore Coal Pty Ltd (“Glencore”) will be entitled to a 49% interest with economic effect from 1 September 2017 on implementation of the Yancoal-Glencore Hunter Valley Operations joint venture.

In Queensland, Yancoal operated the Yarrabee (100% ownership) open cut mine and maintained its near 50% equity interest in Middlemount Coal Pty Ltd (“Middlemount”) throughout the reporting period.

## PRODUCTION<sup>4</sup>

Operations produced a total 12.70 million tonnes saleable coal, up 144% on the year prior (8.98 million tonnes equity share, up 115% year-on-year), maintaining consistently strong extraction and throughput rates at all three tier-one assets throughout the reporting period.

Total sales volume (equity share) was 9.22 million tonnes, up 84% on the year prior.

Moolarben saleable coal production was 4.68 million tonnes for the reporting period, up 53% on the year prior, benefitting from sustained high level extraction rates at the underground mine and across both open cut pits. Moolarben longwall production levels were in accordance with forecasts, with preparations now underway to commence the first scheduled longwall move around the middle of the year.

Mount Thorley Warkworth maintained strong production and throughput rates throughout the reporting period, to achieve saleable coal production of 3.05 million tonnes.

Hunter Valley Operations achieved 2.89 million tonnes saleable coal for the reporting period, with the operation continuing to prepare for the integration of the proposed joint venture with Glencore, expected to be completed in the first half of the year.

Stratford Duralie saleable coal production was 0.10 million tonnes, down 11% on the year prior, with the operation preparing to commence development of the 1.2 million tonnes of Run of Mine coal (“ROM”) per annum Stratford extension project in April.

In Queensland, the Yarrabee open cut achieved saleable coal production of 0.36 million tonnes, down 47% on the year prior, with the operation impacted by poor weather conditions. Yarrabee continued to adjust product types to capitalise on market demand and pricing opportunities for PCI coal.

The Middlemount joint venture overcame wet weather impacts during the reporting period to achieve saleable coal production of 1.01 million tonnes, up 13% on the previous year.

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<sup>1</sup> Includes only 51% interest in Hunter Valley Operations (“HVO”) on the basis Glencore will be entitled to a 49% interest in HVO with economic effect from 1 September 2017 on implementation of the proposed Yancoal-Glencore HVO joint venture.

<sup>2</sup> Effective from 2 May 2016, the Donaldson coal operation moved to 'care and maintenance'.

<sup>3</sup> Watagan Mining Company Pty Ltd is a wholly-owned subsidiary of Yancoal Australia Ltd, controlled by a consortium of financiers consisting of Industrial Bank Co. Ltd, BOCI Financial Products Limited and United NSW Energy Limited.

<sup>4</sup> All saleable coal production figures reported on a 100% basis, unless otherwise indicated.

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## Watagan-controlled

Saleable coal production at the Watagan-controlled Ashton underground was 0.29 million tonnes, up 50% on the previous year.

Saleable coal production at the Watagan-controlled Austar underground operation was 0.33 million tonnes, up 18% on the previous year.

## TOTAL PRODUCTION (100% Basis)

	March Qtr		Change	March YTD		Change
	2018	2017		2018	2017	
<b>MOOLARBEN</b>	4,678	3,050	53%	4,678	3,050	53%
<b>MT THORLEY WARKWORTH*</b>	3,045	-	-	3,045	-	-
<b>HUNTER VALLEY OPERATIONS**</b>	2,889	-	-	2,889	-	-
<b>STRATFORD DURALIE</b>	98	110	-11%	98	110	-11%
<b>YARRABEE</b>	358	676	-47%	358	676	-47%
<b>MIDDLEMOUNT</b>	1,006	894	13%	1,006	894	13%
<b>ASHTON***</b>	289	193	50%	289	193	50%
<b>AUSTAR***</b>	333	281	18%	333	281	18%
<b>TOTAL (100% BASIS)</b>	<b>12,697</b>	<b>5,204</b>	<b>144%</b>	<b>12,697</b>	<b>5,204</b>	<b>144%</b>
<b>TOTAL PRODUCTION - EQUITY BASIS</b>	<b>8,975</b>	<b>4,178</b>	<b>115%</b>	<b>8,975</b>	<b>4,178</b>	<b>115%</b>

\* On 7 March 2018, Yancoal announced the completion of its purchase of Mitsubishi Development Pty Ltd's 28.898% interest in the Warkworth joint venture.

\*\* Includes only 51% interest in Hunter Valley Operations ("HVO") on the basis that Glencore will be entitled to a 49% interest in HVO with economic effect from 1 September 2017 on implementation of the Yancoal-Glencore HVO joint venture.

\*\*\* Controlled by Watagan

## SALES VOLUMES (Equity Share)\*

	March Qtr		Change	March YTD		Change
	2018	2017		2018	2017	
<b>Metallurgical</b>	<b>2,248</b>	<b>1,886</b>	<b>19%</b>	<b>2,248</b>	<b>1,886</b>	<b>19%</b>
<b>Thermal</b>	<b>6,967</b>	<b>3,119</b>	<b>123%</b>	<b>6,967</b>	<b>3,119</b>	<b>123%</b>
<b>TOTAL EQUITY SHARE</b>	<b>9,215</b>	<b>5,005</b>	<b>84%</b>	<b>9,215</b>	<b>5,005</b>	<b>84%</b>

\*Includes external coal purchases, Middlemount and Watagan. Includes only 51% interest in Hunter Valley Operations ("HVO") on the basis that Glencore will be entitled to a 49% interest in HVO with economic effect from 1 September 2017 on implementation of the Yancoal-Glencore HVO joint venture.

**Metallurgical Coal** sales volumes (equity share) of 2.25 million tonnes, up 19% on the year prior.

**Thermal coal** sales volumes (equity share) of 6.97 million tonnes, up 123% on the year prior.

### Substantial shareholders as at 31 March 2018

Name	Percentage of issued shares
Yanzhou Coal Mining Company	65.46%
Cinda International HGB Investments	16.70%

Number of ordinary shares on issue: 43,959,446,612

#### CORPORATE INFORMATION

##### Shareholder Enquiries

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##### Directors

Xiyong Li	Chairman
Baocai Zhang	Co-Vice Chairman
Gregory Fletcher	Co-Vice Chairman
Dr Geoff Raby	Director
Cunliang Lai	Co-Vice Chairman
Xiangqian Wu	Director
Qingchun Zhao	Director
Xing Feng	Director
Fuqi Wang	Director
Helen Gillies	Director
David Moulton	Director

##### CEO

Reinhold Schmidt

##### CFO

Lei Zhang

##### Company Secretary

Laura Ling Zhang

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