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ASX Release:

Yancoal completes joint venture with Glencore for Hunter Valley Operations

Yancoal Australia Ltd (ASX:YAL) (“Yancoal”) confirms it has today completed the establishment of its 51:49 unincorporated joint venture with Glencore Coal Pty Ltd (“Glencore”) in relation to Hunter Valley Operations (“HVO JV”), as announced 27 July 2017, following satisfaction of all remaining conditions precedent.

Commenting on the completion of the joint venture, Yancoal Chairman Xiyong Li said:

“The completion of our strategic joint venture with Glencore signals a new future of co-operation and success for two of Australia’s largest coal producers.”

Yancoal Chief Executive Officer, Reinhold Schmidt, said:

“The combined experience and efficiencies of both companies will enable Yancoal and our shareholders to benefit from operational synergies and continued production performance.”

To establish the joint venture, Glencore has acquired:

- a 16.6% interest in the HVO JV from Yancoal for approximately US\$429 million¹; and
- a 32.4% interest in the HVO JV directly from Mitsubishi Development Pty Ltd.

The HVO JV will be jointly controlled by Yancoal and Glencore through a Joint-Venture Management Committee (“JVMC”), and managed by an independent management team to be appointed by the JVMC.

Both companies have agreed to pursue operational synergies under the terms of the transaction documents.

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¹ Plus a 27.9% share of US\$240 million of non-contingent royalties and 49% of HVO contingent royalties payable by Yancoal in respect of the Coal & Allied acquisition. The cash consideration amount of US\$429 million is subject to post-completion finalisation of purchase price adjustments for HVO net debt, working capital and cash flows.