

NOTICE OF GENERAL MEETING



Notice is given that a General Meeting (Meeting) of shareholders of Yancoal Australia Ltd (Company) will be held at 10.30 am (AEST) on 26 September 2018 at the offices of Computershare Investor Services, Level 4, 60 Carrington Street, Sydney NSW 2000, Australia. Registration will commence at 10.00 am (AEST).

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YANCOAL
NOTICE OF
MEETING
2018

BUSINESS

Item 1: Approval of consolidation of share capital

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, for the purpose of section 254H of the Corporations Act 2001 (Cth) (**Corporations Act**) and for all other purposes, with effect from the date this Resolution is passed (or such other date that is notified to the ASX by the Company), approval is given for the Company to consolidate its issued capital on the basis that:

- (a) the then issued capital of the Company be consolidated on the basis that every 35 fully paid ordinary shares in the capital of the Company (**Shares**) be consolidated into one Share; and
- (b) where the number of Shares held by a member of the Company as a result of the consolidation effected by paragraph (a) of this resolution includes any fraction of a Share, that fraction be rounded up to the nearest whole Share,

with the consolidation to take effect in accordance with the timetable set out in the Explanatory Notes to this Notice of Meeting.

(see **Explanatory Notes – Item 1**).

Item 2: Proposed amendments to constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

That, with effect from the date that fully paid ordinary shares in the capital of the Company are listed on the Main Board of the Hong Kong Stock Exchange (**HKEX**), the constitution of the Company (**Constitution**) is amended as follows:

Amend the definition of “Exchange” by replacing the word “or” with the word “and” in the first line, so the definition reads:

“ASX Limited and such other body corporate that is declared by the directors to be the company’s primary stock exchange for the purposes of this definition.”

Insert a new rule 7.9(u) as follows:

“For the purposes of this rule 7.9, a recognised clearing house (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) or its nominee(s) may appoint or authorise any number of proxy(ies), attorney(s) or Representative(s) to cast votes attaching to voting shares that it holds in the company, provided that if 2 or more proxies, attorneys or Representatives are appointed or authorised to vote at the same general meeting, the proxy form or authorisation must specify the number and class of voting shares in respect of which each proxy, attorney or Representative is appointed or authorised to vote. Each person so authorised under the provisions of this constitution shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if it were an individual shareholder of the company.”

Insert a new rule 11.2 as follows:

“Subject to applicable laws, regulations and the Listing Rules and notwithstanding any other rules in this constitution, the company or the directors may fix any date as the record date for:

- (a) *determining the members entitled to receive any dividend, distribution, allotment or issue;*
- (b) *determining the members entitled to receive notice of, and to vote at, any general meeting of the company; and*
- (c) *any other corporate action requiring a record date to be set.”*

(see **Explanatory Notes – Item 2**).

By order of the Board dated 14 August 2018

Fucun Wang
Co-Vice Chairman

INFORMATION FOR SECURITYHOLDERS

ELIGIBILITY TO VOTE

For the purposes of determining entitlement to vote at the Meeting, the Company's shareholders will be taken to be those persons who are the registered holders of the Company's shares as at 7:00pm (AEST) on Monday 24 September 2018. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to vote at the Meeting.

In this Notice, references to security holders or shareholders are references to holders of ordinary shares in the Company.

VOTING

A shareholder that is an individual may attend and vote in person at the Meeting. Please arrive 20 minutes prior to the start of the Meeting to facilitate the registration process. Otherwise, a shareholder may appoint a proxy to attend and vote on their behalf, as outlined below.

A shareholder or proxy that is a body corporate may appoint an individual to act as its representative to vote at the Meeting in accordance with section 250D of the Corporations Act. The appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission to the Meeting. A form of the certificate may be obtained from www.computershare.com.

PROXIES AND ATTORNEYS

1. If you are entitled to vote but do not wish to attend the Meeting, you may appoint a proxy to attend and vote on your behalf. A body corporate that is a shareholder may also appoint a proxy to attend and vote on its behalf. A proxy need not be a shareholder.
2. If you are entitled to cast two or more votes, you are entitled to appoint up to two proxies to attend the Meeting and vote on your behalf and you may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not so specify, each proxy may exercise half the votes. Fractions of votes will be disregarded.
3. Where a shareholder appoints 2 proxies or 2 attorneys, neither proxy or attorney is entitled to vote on a show of hands, and on a poll, each proxy or attorney may only exercise votes in respect of those shares or voting rights the proxy or attorney represents.
4. To be effective, the Company must receive the completed proxy form and, if the form is signed by the shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by **no later than 10.30am (AEST) on Monday 24 September 2018**. Any proxy form received after that time will not be valid for the Meeting.
5. The proxy form accompanying this Notice of Meeting can be used to appoint a proxy.
6. Proxy forms (and any power of attorney or certified copy of that power under which they are signed) may be lodged with Computershare:

- (a) by mail, to:
Computershare Investor Services Pty Limited
GPO Box 242, Melbourne Victoria 3001
- (b) in person, at:
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street, Sydney NSW 2000

- (c) by facsimile:
1800 783 447 (within Australia)
+ 61 3 9473 2555 (outside Australia)
- (d) online via www.investorvote.com.au
You will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

A proxy cannot be appointed electronically by a person appointed by a shareholder under a Power of Attorney or similar authority.

Intermediaries with access to Intermediary Online through Computershare Investor Services Pty Limited should lodge their votes through www.intermediaryonline.com.

Alternatively, proxy forms may be lodged with the Company:

- (a) by mail, to the attention of the Company Secretary, at:
Yancoal Australia Ltd
Level 18, Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000
 - (b) by facsimile, to the attention of the Company Secretary, on:
+ 61 2 8583 5399
7. Proxies given by corporate holders of ordinary shares must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.
 8. A proxy may decide whether to vote on any motion, except where the proxy is required by law to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction.
 9. If your appointed proxy does not attend the Meeting or does not vote on a poll in accordance with your directions, the Chairman of the Meeting will become your proxy and will vote in accordance with any directions. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit (subject to any applicable voting exclusions).
 10. The appointment of a proxy or attorney is not revoked by the appointer attending and taking part at the Meeting, but if the appointer votes on a resolution, the proxy or attorney is not entitled to vote, and must not vote, as the appointer's proxy or attorney on the resolution.
 11. The Chairman of the Meeting intends to vote all undirected proxies in favour of each item of business.

REQUIRED MAJORITY

The resolution described in Item 1 of the Business section of this Notice is an ordinary resolution. It will be passed if at least 50% of votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

The resolution described in Item 2 of the Business section of this Notice is a special resolution. It will be passed if at least 75% of votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

EXPLANATORY NOTES

The Explanatory Notes form part of the Notice of Meeting and have been prepared to assist securityholders to understand the business to be put to the securityholders of the Meeting.

A copy of the Constitution of the Company is available for inspection at the Registered Office of the Company located at Level 18, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000, may be accessed on the corporate website at <http://www.yancoal.com.au/page/about/corporate-governance/corporate-governance-documents/> or will be posted to any person so requesting in writing or by telephone to the Company Secretary on +61 2 8583 5300 or by fax on + 61 2 8583 5399.

Item 1: Approval of consolidation of share capital

Why is shareholder approval being sought?

The purpose of the resolution in item 1 is to have shareholders approve the consolidation of the Company's issued capital by consolidating (i.e. converting) every 35 existing Shares on issue into one new Share (**Consolidation**) for the purposes of section 254H of the Corporations Act and for all other purposes.

Section 254H of the Corporations Act provides that a company may, by resolution passed in general meeting, convert all or any of its shares into a larger or smaller number of shares.

Set out below is further information in relation to the Consolidation, including information required by ASX Listing Rule 7.20 to be provided to shareholders in relation to the Consolidation.

Effect of Consolidation

If the resolution in item 1 is passed, every 35 existing Shares on issue will be consolidated into one Share, with the resolution to approve the Consolidation to take effect from the date this Resolution is passed and the Consolidation to take effect in accordance with the timetable set out on page 4 of this Notice.

The table below shows the approximate number of Shares on issue immediately before and after the Consolidation, assuming there are no further changes to the Company's capital structure from the date of this Notice of Meeting until the Consolidation is implemented.

Number of Shares on issue immediately prior to Consolidation	43,962,462,588
Number of Shares on issue immediately following Consolidation (subject to rounding)	1,256,070,360

As the Consolidation applies equally to all shareholders, individual holdings will be reduced in the same ratio as the total number of the Company's Shares (subject only to rounding of fractions of resulting Shares in the manner as described below). It follows that the Consolidation will have no material effect on the percentage interest of each individual shareholder in the Company. Therefore, if a shareholder holds 439,624,625 Shares immediately prior to the Consolidation representing approximately 1% of the Company's issued capital, then if the Consolidation is approved and implemented, the shareholder will have 12,560,704 Shares (as a result of rounding up, see below on fractional entitlements) following the Consolidation, still representing the same 1% of the Company's issued capital.

Similarly, the aggregate value of each Yancoal shareholder's holding (and the Company's market capitalisation) should not materially change – other than minor changes as a result of rounding – as a result of the Consolidation alone (and assuming no other market movements occur). However, the price per Share can be expected to increase to reflect the reduced number of Shares on issue. Theoretically, in the absence of market or other events, the post Consolidation Share price should be approximately 35 times its pre-Consolidation price. The actual effect of the Consolidation on the Share price will depend on a number of factors outside the control of the Company, and the market price following the Consolidation may be higher or lower than the theoretical post-Consolidation price.

With effect from the date of the Consolidation, all holding statements for Shares will cease to have any effect except as evidence of entitlement to a certain number of post Consolidation Shares. After the Consolidation becomes effective, the Company will issue a notice to each shareholder advising the shareholder of the number of Shares held by the shareholder both before and after the Consolidation. The Company will also arrange for a new holding statement to be issued to each shareholder.

The Consolidation will not result in any change to the substantive rights and obligations of existing shareholders.

The Company does not currently have any options or other convertible securities on issue.

Fractional entitlements

The Consolidation will result in any shareholder in the Company whose existing holding is not a multiple of 35 receiving a fraction of a Share. These fractional entitlements will be rounded up as part of the Consolidation, so that the consolidated holding will be rounded up to the nearest whole number. If the Company reasonably believes that a shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, the Company may take appropriate action, having regard to the Company's Constitution and the ASX Listing Rules. In particular, the Company reserves the right to disregard the division of the shareholding for the purposes of dealing with fractions so as to round up any fraction to the nearest whole number of Shares that would have been received but for the division.

Reasons for Consolidation

The Consolidation is proposed by the Company in order to reduce the number of Shares on issue and to increase the price per Share in the manner described above. When compared to its traditional and new Australian mining and resources peers and other companies with a similar market capitalisation listed on ASX, the Company:

- has a relatively large number of Shares on issue; and
- the value of each Yancoal Share is such that even the smallest incremental trade (of ½ a cent) represents a disproportionate percentage (in this example, 3%) in share price and, accordingly, Yancoal's implied market capitalisation.

Explanatory Notes *Continued*

The Consolidation will result in a more appropriate capital structure for the Company and a share price that is more appealing to a wider range of investors by:

- adjusting the number of outstanding Yancoal Shares to be commensurate with Yancoal's ASX peers;
- increasing the face value of each Yancoal Share to enable trades to occur over narrower price margins; and
- helping to increase Yancoal Share turnover (liquidity).

Tax implications for shareholders

Shareholders are encouraged to seek professional advice in relation to any tax implications which may arise as a result of the Consolidation. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising Shareholders about the tax consequences for them from the proposed Consolidation.

Timing of Consolidation

The resolution in item 1 will take effect from the date that resolution is passed and the Consolidation will take effect in accordance with the following indicative timetable (subject to change) assuming that the resolution is passed at the Meeting:

Event	Indicative Date
General Meeting	26 September 2018 (T)
Effective date of resolution to approve Consolidation	26 September 2018
Last day for trading in pre-consolidated securities	27 September 2018
Trading commences in the consolidated securities on a deferred settlement basis	28 September 2018
Last day to register transfers on a pre-Consolidation basis	2 October 2018
Registration of securities on post-Consolidation basis First day for Company to despatch new holding statements	3 October 2018
Deferred settlement trading ends Last day for Company to despatch new holding statements	9 October 2018
Normal trading commences	10 October 2018

Yancoal's application for dual listing and associated capital raising

The Consolidation is being carried out in conjunction with, but is not conditional upon, Yancoal's application to the HKEX for the listing of the fully paid ordinary shares in the capital of the Company on the Main Board of HKEX, including the associated proposed capital raising (**Application for Dual Listing**). The details of that application and proposal are set out in the Company's announcement released to the ASX on 2 July 2018.

Yanzhou's intention to vote in favour of the resolution

Yanzhou Coal Mining Company Limited (**Yanzhou**), the Company's majority shareholder, has confirmed to the Company its intention to vote all of its 28,775,519,994 Shares, representing approximately 65.45% of the total issued Shares, in favour of the resolution at item 1 at the Meeting.

Recommendation

The Board unanimously recommends that shareholders vote in favour of the resolution to consolidate the Company's shares.

Item 2: Proposed amendment to constitution

Why is shareholder approval being sought?

Shareholder approval is sought for the amendments to the Constitution. Under section 136 of the Corporations Act, a Company must have shareholder approval by a special resolution to modify or repeal its constitution. This requirement is also set out in rule 7.10(b)(1) of the Constitution. Accordingly, Item 2 seeks shareholder approval to adopt the amendments to the Constitution specified below (**Amendments**). If the special resolution seeking this approval is passed, the Amendments will be effective from the date that fully paid ordinary shares in the capital of the Company are listed on the Main Board of the HKEX.

Effect of Amendments

If the special resolution is passed, the Constitution of the Company will be amended by:

Amending the definition of "Exchange" by replacing the word "or" with the word "and" in the first line, so the definition reads:

"ASX Limited and such other body corporate that is declared by the directors to be the company's primary stock exchange for the purposes of this definition."

Inserting a new rule 7.9(u) as follows:

For the purposes of this rule 7.9, a recognised clearing house (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) or its nominee(s) may appoint or authorise any number of proxy(ies), attorney(s) or Representative(s) to cast votes attaching to voting shares that it holds in the company, provided that if 2 or more proxies, attorneys or Representatives are appointed or authorised to vote at the same general meeting, the proxy form or authorisation must specify the number and class of voting shares in respect of which each proxy, attorney or Representative is appointed or authorised to vote. Each person so authorised under the provisions of this constitution shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if it were an individual shareholder of the company.

Inserting a new rule 11.2 as follow:

Subject to applicable laws, regulations and the Listing Rules and notwithstanding any other rules in this constitution, the company or the directors may fix any date as the record date for:

- (a) determining the members entitled to receive any dividend, distribution, allotment or issue;
- (b) determining the members entitled to receive notice of, and to vote at, any general meeting of the company; and
- (c) any other corporate action requiring a record date to be set.

Reasons for Amendments

The Amendments are being made to facilitate the proposed listing of the Company's shares on the Main Board of the HKEX and are conditional upon the Company's Application for Dual Listing. The Amendments have been requested by the HKEX (other than the amendment to the definition of "Exchange", which is being made for clarity only).

Explanatory Notes *Continued*

The proposed change to the definition of “Exchange” is to make it clear that the ASX will remain the Company’s primary stock exchange following the Application for Dual Listing, but that the Board has the discretion to declare another stock exchange to also be the primary exchange (in addition to the ASX). Absent this change, the definition may be misinterpreted to only permit one primary exchange at a time.

Upon the listing of the Company’s shares on the Main Board of the HKEX, shares of the Company which are deposited into the Hong Kong clearing system will be registered in the name of the clearing house who will be the shareholder of record for those shares. The proposed rule 7.9(u) is intended to ensure that if the beneficial holders of the shares wish to attend and vote their shares at general meetings of the Company, the clearing house will be able to appoint them as proxies, attorneys or Representatives of the clearing house to attend and vote their respective shares at general meetings of the Company. The proposed rule 7.9(u) is a provision customarily included in the constitutions of Hong Kong listed companies.

The proposed rule 11.2 is to ensure that the directors and the Company have as much scope as possible under the laws of Australia and Hong Kong and the listing rules of ASX and HKEX to determine the record date for various corporate actions. The proposed rule 11.2 is a provision customarily included in the constitutions of Hong Kong listed companies.

Timing of Amendments

The resolution in item 2 will take effect from the date that fully paid ordinary shares in the capital of the Company are listed on the Main Board of HKEX.

Recommendation

The Board unanimously recommends that shareholders vote in favour of the resolution to amend the Constitution of the Company.