

29 November 2018

ASX Market Announcements
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Yancoal Australia Limited (ASX: YAL) – Accelerated pro-rata renounceable entitlement offer

Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Yancoal Australia Limited ACN 111 859 119 (**Yancoal**), under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**), as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* (the **ASIC Instrument**).

Yancoal has today launched an accelerated pro-rata renounceable entitlement offer of new fully paid ordinary shares (**Shares**) to raise up to approximately HK\$1.589 billion (**Entitlement Offer**).

The Entitlement Offer comprises the issue of 0.05387 new Yancoal Share (**New Shares**) for every 1 Yancoal Share held by eligible existing Yancoal shareholders as at 7.00pm (Sydney, Australia time) on Tuesday, 4 December 2018.

The Entitlement Offer is being undertaken by Yancoal at or around the time of a Hong Kong initial public offering of Yancoal's fully paid ordinary shares in connection with the dual listing of its shares on the Main Board of the Stock Exchange of Hong Kong, as previously announced by on Tuesday, 2 October 2018, Friday, 23 November 2018 and Monday, 26 November 2018 (**Global Offering**).

With respect to the Entitlement Offer, Yancoal confirms that:

- (a) the New Shares will be offered without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) this notice is being given under section 708AA(2)(f) of the Corporations Act as modified by the ASIC Instrument;
- (c) as at the date of this notice, Yancoal has complied with:
 - (i) the provisions of Chapter 2M of the Corporations Act as they apply to Yancoal; and
 - (ii) section 674 of the Corporations Act as it applies to Yancoal;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) or 708AA(9) of the Corporations Act; and

- (e) the Entitlement Offer is not expected to have a material effect on the control of Yancoal and no material consequences are expected to flow from the conduct of the Entitlement Offer as it relates to the control of Yancoal, for the following reasons:
- (i) The Major Shareholders who will be invited to participate in the institutional component of the Entitlement Offer (being Yanzhou Coal Mining Company Limited (**Yanzhou**), China Shandong Investment Limited (**CSIL**) and Cinda International HGB Investment (UK) Limited (**Cinda**), together with Yanzhou and CSIL, the **Major Shareholders**)) have chosen not to take up their rights in the institutional component of the Entitlement Offer and have renounced those rights in favour of investors in the Global Offering (**Renounced Entitlements**).
 - (ii) These Renounced Entitlements represent 87.8% of the Entitlement Offer size and, once exercised, will be equivalent to 4.49% of Yancoal's total issued share capital following completion of the Entitlement Offer (assuming all Entitlements are taken up but disregarding any Shares issued upon any exercise of the Over-allotment Option). The Renounced Entitlements have been offered to new investors in the Global Offering, which is fully underwritten by Morgan Stanley Asia Limited, Morgan Stanley & Co. International plc, CMB International Capital Limited, BOCI Asia Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering only), Citigroup Global Markets Limited (in relation to the International Offering only), CCB International Capital Limited, China Everbright Securities (HK) Limited, Cinda International Securities Limited, Haitong International Securities Company Limited and Zhongtai International Securities Limited. Consequently, 4.49% of Yancoal's total issued share capital following completion of the Entitlement Offer will be issued either to new investors or will be subscribed for pursuant to the underwriting arrangements under the Global Offering.
 - (iii) At the date of this notice, Yanzhou had a voting power of approximately 65.45% in Yancoal and is currently a controlling shareholder. As Yanzhou has chosen to renounce its rights under the Entitlement Offer, the effect of the Entitlement Offer is likely to be to decrease Yanzhou's percentage shareholding in the Company from 65.45% to 62.11%, assuming all Entitlements in the retail component of the Entitlement Offer are taken up (or from 65.45% to 62.50%, assuming none of the Entitlements in the retail component of the Entitlement Offer are taken up).
 - (iv) At the date of this notice, CSIL had a voting power of approximately 5.69% in Yancoal. As CSIL has chosen to renounce its rights under the Entitlement Offer, the effect of the Entitlement Offer is likely to be to decrease CSIL's percentage shareholding in the Company from 5.69% to 5.40% assuming all Entitlements in the retail component of the Entitlement Offer are taken up (or from 5.69% to 5.43%, assuming none of the Entitlements in the retail component of the Entitlement Offer are taken up).
 - (v) At the date of this notice, Cinda had a voting power of approximately 16.70% in Yancoal. As Cinda has chosen to renounce its rights under the Entitlement Offer, Cinda's percentage shareholding in the Company is likely to change from 16.70% to 15.85% assuming all Entitlements in the retail component of the Entitlement Offer are taken up (or from 16.70% to 15.95%, assuming none of the Entitlements in the retail component of the Entitlement Offer are taken up).
 - (vi) Yanzhou and CSIL are each Chinese state-owned enterprises (**SOE**) that are ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province, China (**Shandong SASAC**). In this notice, SOEs that are ultimately controlled by the Shandong SASAC are referred to as "**Shandong SOEs**".
 - (vii) Cinda is a Chinese SOE that is ultimately controlled by the Ministry of Finance on behalf of the State Council of the Peoples' Republic of China (**PRC**). In this notice, SOEs that are ultimately controlled by

either the Ministry of Finance or the State-owned Assets Supervision and Administration Commission of the PRC are referred to as “**Central SOEs**”.

- (viii) A number of new Chinese SOE investors (including both Central SOEs and Shandong SOEs) (**New SOEs**) have been allocated Shares under the Global Offering:
- (A) 1 Central SOE has been allocated 85,000 Shares under the Global Offering¹;
 - (B) 2 Shandong SOEs have been allocated an aggregate of 17,579,400 Shares under the Global Offering;
 - (C) 2 other non-Shandong and non-Central SOEs have been allocated an aggregate of 16,673,500 Shares under the Global Offering.
- (ix) Following completion of the Global Offering, the New SOEs will hold up to approximately 2.61% of the shareholding in the Company², comprising:
- (A) up to approximately 16.24%³ that will be the combined holding of Central SOEs (inclusive of Cinda’s Shareholding), or 0.29% (exclusive of Cinda’s Shareholding);
 - (B) up to approximately 69.26%⁴ that will be the combined holding of Shandong SOEs (inclusive of Yanzhou’s Shareholding and CSIL’s Shareholding), or 1.34% (exclusive of Yanzhou’s Shareholding and CSIL’s Shareholding);
 - (C) up to approximately 1.02% that will be the holding of the SOE from the Shaanxi Province; and
 - (D) up to approximately 0.25% that will be the holding of the SOE from the Rizhao Municipal Peoples’ Government.
- (x) The shareholding of the Major Shareholders in the Company following the Entitlement Offer is expected to be:
- (A) assuming all Entitlements in the retail component of the Entitlement Offer are taken up:
 - 1. in respect of Yanzhou and CSIL, approximately 67.50%⁵; and
 - 2. in respect of Cinda, approximately 15.85%⁶
 - (B) assuming none of the Entitlements in the retail Component of the Entitlement Offer are taken up:
 - 1. in respect of Yanzhou and CSIL, approximately 67.93%⁷; and
 - 2. in respect of Cinda, approximately 15.95%⁸
- (xi) For the reasons outlined above, the issue of New Shares and level of take up of Entitlements under the Retail Entitlement Offer is not expected to have a material effect on the control of Yancoal.
- (xii) There are a number of factors which may have a non-material impact on individual shareholders’ percentage shareholding in Yancoal, including (i) if some eligible shareholders do not take up all of their entitlements under the Retail Entitlement Offer, then the interests of those eligible shareholders will be

¹ Note that in addition to this investor, 1 additional Central SOE has been allocated 16,672,600 Shares under the Global Offering which it is acquiring for and on behalf of other investors, who will be the beneficial owners of those Shares.

² Note that this excludes Shares held by the additional Central SOE referred to in note 1 to the extent that it has acquired Shares for other investors which are not SOEs.

³ Note that each Central SOE (including Cinda) may be regarded to be an associate of each other Central SOE.

⁴ Note that each Shandong SOE (including Yanzhou) may be regarded to be an associate of each other Shandong SOE.

⁵ Yanzhou holds 62.11% and CSIL holds 5.40%. However, to the extent that each Shandong SOE may be regarded as an associate of each other Shandong SOE, Yanzhou and CSIL’s maximum voting power is expected to be approximately 68.83%.

⁶ However, to the extent that each Central SOE may be regarded as an associate of each other Central SOE, Cinda’s maximum voting power is expected to be approximately 16.14%.

⁷ Yanzhou holds 62.50% and CSIL holds 5.43%. However, to the extent that each Shandong SOE may be regarded as an associate of each other Shandong SOE, Yanzhou and CSIL’s maximum voting power is expected to be approximately 69.26%.

⁸ However, to the extent that each Central SOE may be regarded as an associate of each other Central SOE, Cinda’s maximum voting power is expected to be approximately 16.24%.

diluted and (ii) the proportional interests of ineligible shareholders will be diluted because such ineligible shareholders (who are estimated to hold less than approximately 0.37% of Shares) are not entitled to receive New Shares under the Entitlement Offer.

Yours faithfully,

Laura Ling Zhang
Company Secretary