



YANCOAL AUSTRALIA LTD

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7 December 2018

ASX Release:

Notification to Ineligible Shareholders

In accordance with ASX Listing Rule 7.7.1, please find attached a sample letter that will be provided to shareholders who are ineligible to participate in the 0.05387 for 1 pro-rata accelerated renounceable entitlement offer, announced on Thursday, 29 November 2018.

Ends

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7 December 2018

Not for release or distribution in the United States

Dear Shareholder

**Yancoal Australia Limited Entitlement Offer
Notification to ineligible shareholders**

On Thursday, 29 November 2018, Yancoal Australia Limited ACN 111 859 119 (**Yancoal or Company**) (ASX: YAL) announced a pro rata accelerated renounceable entitlement offer of 0.05387 new fully paid ordinary shares (**New Shares**) for every 1 existing fully paid ordinary share (**Share**) held in Yancoal as at 7:00pm (Sydney, Australia time) on Tuesday, 4 December 2018 (**Record Date**) (**Entitlement Offer**).

As previously announced, the Entitlement Offer is being undertaken by the Company at or around the time of the Hong Kong initial public offering of the Company's Shares, in connection with the dual listing of 68,358,100 New Shares (including the over-allotment) at the offer price of HK\$23.48 per New Share (which is the same as the offer price under the Entitlement Offer) on the Main Board of the Stock Exchange of Hong Kong (**HKEx**) (**Global Offering**).

The Entitlement Offer comprises an offer to Major Shareholders (as defined below) (**Institutional Entitlement Offer**) and an offer to Eligible Shareholders (as defined below) to participate on the same terms (**Retail Entitlement Offer**).

The Entitlement Offer is being made by the Company in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84)), meaning that no prospectus needs to be prepared.

This letter is to inform you about the Entitlement Offer and to explain why, unfortunately, you will not be able to subscribe for New Shares under the Entitlement Offer. Further information on the Entitlement Offer, including the eligibility criteria to participate and how your entitlements will be dealt with, is set out below.

You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.

Institutional Entitlement Offer

On Thursday, 6 December 2018, Yancoal announced that it had completed the Institutional Entitlement Offer, which comprised the offer of rights to subscribe for New Shares to Yanzhou Coal Mining Company Limited (**Yanzhou**), China Shandong Investment Limited (**CSIL**) and Cinda International HGB Investment (UK) Limited (**Cinda**) (together, the **Major Shareholders**).

Each Major Shareholder chose not to take up their rights in the Institutional Entitlement Offer and to renounce those rights in favour of investors in the Global Offering. The rights of the Major Shareholders relate to approximately 87.8% of the total number of rights to subscribe for New Shares under the Entitlement Offer.

Retail Entitlement Offer

The Retail Entitlement Offer is being made to Eligible Shareholders (as defined below) on the basis of 0.05387 New Share for every 1 Share held at 7:00pm (Sydney, Australia time) on the Record Date.

A booklet in relation to the Retail Entitlement Offer dated Thursday, 29 November 2018 (**Entitlement Offer Booklet**) has been lodged with the ASX and will be sent to Eligible Shareholders today. Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Shareholders**) are those persons who:

- are registered as a holder of Shares on the Record Date;
- are not a Major Shareholder;
- have a registered address on the Company's share register in Australia or New Zealand; and
- are not in the United States and are not acting for the account or benefit of persons in the United States (to the extent such a person holds Shares in the Company for the account or benefit of such persons in the United States).

Shareholders who are not Eligible Shareholders are '**Ineligible Shareholders**' and are consequently unable to participate in the Retail Entitlement Offer.

Eligibility Criteria

The restrictions upon eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Yancoal of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Shares in Yancoal they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

Yancoal has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), that it would be unreasonable to make or extend offers to Ineligible Shareholders.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), Yancoal wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New

Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer.

The Company has appointed Morgan Stanley Australia Securities Limited as the lead bookrunner (**Bookrunner**) and will issue the Bookrunner with the entitlements to subscribe for New Shares that would otherwise have been available for subscription by Ineligible Shareholders. The Bookrunner will arrange for the sale of those entitlements through a bookbuild (**Retail Bookbuild**).

The entitlements (i) of Eligible Shareholders who do not take up or transfer some or all of their Entitlements; or (ii) which would otherwise have been available to Ineligible Shareholders, will be offered for subscription to certain institutional investors on behalf of renouncing Eligible Shareholders and Ineligible Shareholders through the Retail Bookbuild by the Bookrunner. Any proceeds in excess of the Offer Price that may be achieved under the Retail Bookbuild will be remitted to those renouncing Eligible Shareholders and Ineligible Shareholders in proportion to the number of New Shares represented by their renounced entitlements (or, in the case of Ineligible Shareholders, in proportion to the number of entitlements that they would have been entitled to had they been eligible to participate in the Entitlement Offer) (net of any expenses and any withholdings required by law).

The Retail Entitlement Offer is not underwritten, thus the number of New Shares to be issued on completion of the Retail Entitlement Offer depends on the extent of the rights being taken up by the Eligible Shareholders (or by their assignees) and the Retail Bookbuild and may not necessarily result in all the New Shares offered under the Retail Entitlement Offer being issued. As such, no assurance or guarantee can be given as to the price that will be achieved under the Retail Bookbuild. If the price achieved under the Retail Bookbuild does not exceed the Offer Price, no distribution will be made to renouncing Eligible Shareholders or Ineligible Shareholders.

To the maximum extent permitted by law, the Company, the Bookrunner, and their respective related bodies corporate, agents or affiliates, or the directors, officers, employees or advisers of any of them, disclaim all liability, including for negligence, for any failure to procure applications for New Shares under the Retail Bookbuild at a price in excess of the Offer Price (or at all). The Entitlement Offer premium (if any) (net of expenses and any withholdings required by law) will be paid to renouncing Eligible Shareholders and Ineligible Shareholders in Australian dollars. If applicable, you will be paid either by direct credit to the nominated bank account as noted on the Company's share register or by cheque sent by ordinary post to your address as recorded by the Company's share registry. There is no guarantee that the Bookrunner will be able to sell all (or any) renounced entitlements (or New Shares) or that any Entitlement Offer premium will be realised from any such sales.

You are not required to do anything in response to this letter.

For further information on the Entitlement Offer or if you believe that you are an Eligible Shareholder, you can call Yancoal's Offer Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) from 9.00am to 5.00pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer period. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

On behalf of the Board of Yancoal, I thank you for your continued support.

Yours faithfully



Laura Ling Zhang
Company Secretary
Yancoal Australia Limited

Important Notices

Not for distribution or release in the United States

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been, or will be, taken to register, qualify or otherwise permit an offering of the entitlements and the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the entitlements and the New Shares referred to herein have been not and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements and the New Shares may not be offered or sold to any person in the United States or any person that is acting for the account or benefit of persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.