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ASX Release:

HKEx - Continuing Connected Transactions

Authorised for lodgement by the Board of Yancoal Australia Pty Ltd

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Yancoal Australia Ltd
ACN 111 859 119

兗煤澳大利亞有限公司*

(Incorporated in Victoria, Australia with limited liability)

(Hong Kong stock code: 3668)

(Australian stock code: YAL)

CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS FOR THE POSCO COAL SALES AGREEMENTS

Reference is made to the announcement (the “**Announcement**”) issued by Yancoal Australia Ltd (the “**Company**”) on 22 December 2021 in relation to the continuing connected transactions for the purchase of coal from the Group by POSCO and/or its associates under the POSCO Coal Sales Agreements. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the maximum annual transaction amounts to be received by the Group from POSCO and/or its associates for the sale of coal pursuant to the POSCO Coal Sales Agreements for the year ending 31 December 2022 will not exceed US\$300 million.

In view of the increase in coal prices recently, the Company estimates the annual cap for 2022 previously set out in the Announcement will not be sufficient. Accordingly, on 1 September 2022, the Company decided to revise the annual cap for the year ending 31 December 2022 to US\$450 million. The terms of the POSCO Coal Sales Agreements remained unchanged and the major terms of which were set out in the Announcement.

The revised annual cap has been determined with reference to (i) the historical transaction amounts, (ii) the expected demand for coal from POSCO and/or its associates, and (iii) the estimated sale price for the coal the Company typically charges, taking into consideration the recent increase in energy price.

DIRECTORS’ CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the POSCO Coal Sales Agreements (including the revised annual cap) are fair and reasonable, the transactions are in the ordinary and usual course of business of the Group, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

**For identification purposes only*

None of the Directors has a material interest in the POSCO Coal Sales Agreements and the transactions contemplated thereunder, and therefore no Director abstained from voting on the relevant resolutions of the Board in respect of the revised annual cap under the POSCO Coal Sales Agreements and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As POSCO (through its wholly-owned subsidiary POSCO Australia Pty Ltd) is interested in 20% of the Mount Thorley JV, a subsidiary of the Company under the Listing Rules, POSCO is a connected person of the Company by virtue of being a substantial shareholder of the Company's subsidiary.

The highest applicable percentage ratio in respect of the maximum annual transaction amount to be received by the Group from POSCO and/or its associates for the sale of coal pursuant to the POSCO Coal Sales Agreements exceeds 5%. As the continuing connected transactions under the POSCO Coal Sales Agreements (i) are between the Group and a connected person at the subsidiary level, (ii) are on normal commercial terms or better, (iii) have been approved by the Board and the independent non-executive Directors have confirmed the matters set out in Rule 14A.101 of the Listing Rules, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements, and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION IN RELATION TO THE COMPANY AND POSCO

The Company's principal business activity is the production of thermal and metallurgical coal for use in the power generation and steel industries in Asian markets. The shares of the Company have been listed on the ASX and the Stock Exchange since 2012 and 2018, respectively.

POSCO was launched on 1 April 1968 with the national mission of industrialisation. The shares of POSCO are listed on the Korean Exchange. As the first integrated steel mill in Korea, it has grown to produce 41 million tons of crude steel a year, and it is conducting various global businesses, e.g. production and sales in 53 countries in the world. POSCO has been contributing to the development of mankind through endless innovation and technology development, and became the most competitive steel maker in the world.

By order of the Board
Yancoal Australia Ltd
Baocai ZHANG
Chairman

Hong Kong, 1 September 2022

As of the date of this announcement, the executive Director is Mr. Ning Zhang, the non-executive Directors are Mr. Baocai Zhang, Mr. Xiangqian Wu, Mr. Yaomeng Xiao, Mr. Qingchun Zhao and Mr. Xing Feng and the independent non-executive Directors are Mr. Gregory James Fletcher, Dr. Geoffrey William Raby and Ms. Helen Jane Gillies.