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ASX Release:

HKEx - Continuing Connected Transaction - Diesel Supply

Authorised for lodgement by Laura Zhang, Company Secretary

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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 TRANSACTION IN RELATION TO THE 2022 DIESEL FUEL SUPPLY AGREEMENT

On 25 October 2019, HV Operations Pty Ltd (“**HV Operations**”), a subsidiary of the Company, entered into a diesel fuel supply agreement, pursuant to which HV Operations agreed to purchase diesel fuel from Glencore Australia Oil Pty Ltd (“**GAO**”) during the period from 1 November 2019 to 31 October 2022 (the “**2019 Diesel Fuel Supply Agreement**”).

On 13 October 2022, HV Operations and GAO agreed to extend the term of the 2019 Diesel Fuel Supply Agreement by one year, pursuant to which HV Operations has agreed to purchase diesel fuel from GAO during the period from 1 November 2022 to 31 October 2023 (the “**2022 Diesel Fuel Supply Agreement**”).

As GAO is a subsidiary of Glencore plc, which is the holding company of Anotero Pty Ltd, a substantial shareholder of HV Operations, GAO is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company’s subsidiary.

As one or more of the applicable percentage ratios (as defined under Rules 14.07 of the Listing Rules) in respect of the maximum annual transaction amount to be paid by HV Operations to GAO for the purchase of diesel fuel pursuant to the 2022 Diesel Fuel Supply Agreement is more than 1% but all of the applicable percentage ratios are less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the continuing connected transactions under the 2022 Diesel Fuel Supply Agreement are exempt from the circular and independent shareholder’s approval requirements under Chapter 14A of the Listing Rules, but are subject to the reporting, announcement and annual review requirements.

**For identification purposes only*

INTRODUCTION

Reference is made to the announcement of the Company on 25 October 2019 in relation to the 2019 Diesel Fuel Supply Agreement.

As the 2019 Diesel Fuel Supply Agreement is about to expire, on 13 October 2022, HV Operations and GAO agreed to extend the term of the 2019 Diesel Fuel Supply Agreement by one year, pursuant to which HV Operations has agreed to purchase diesel fuel from GAO during the period from 1 November 2022 to 31 October 2023.

THE 2022 DIESEL FUEL SUPPLY AGREEMENT

Material Terms

The 2022 Diesel Fuel Supply Agreement will become effective on 1 November 2022 and will expire on 31 October 2023. Pursuant to the 2022 Diesel Fuel Supply Agreement, HV Operations agrees to purchase, and GAO agrees to sell at a price agreed and applicable to the monthly quantity delivered as measured in accordance with the agreement. HV Operations will generate a purchase order prior to the month of delivery. GAO will deliver the volume of fuel in the purchase order by the date specified in that purchase order and HV Operations will make the payments after the delivery of the fuel. The basis for calculating the payments to be made is based on the volume delivered and the price determined with reference to the price assessment published in the S&P Global Platts Oilgram Price Report for 10ppm Sulphur Gasoil FOB Singapore, and in accordance with the 2022 Diesel Fuel Supply Agreement.

Historical Transaction Amounts

The aggregate annual transaction amounts between HV Operations and GAO for the purchase of diesel fuel pursuant to the 2019 Diesel Fuel Supply Agreement for the two years ended 31 December 2020 and 2021 and six months ended 30 June 2022 were approximately A\$106 million, A\$104 million and A\$65 million, respectively.

Annual Caps

The maximum annual transaction amounts to be paid by HV Operations to GAO for the purchase of diesel fuel pursuant to the 2022 Diesel Fuel Supply Agreement are set out below:

Period	1 November 2022 to 31 December 2022	1 January 2023 – 31 October 2023
Caps	A\$43 million	A\$186 million

The annual caps were calculated by reference to (i) the purchase price as described above and (ii) the expected demand for diesel fuel from the Group during the term of the 2022 Diesel Fuel Supply Agreement.

REASONS FOR, AND BENEFITS OF, THE 2022 DIESEL FUEL SUPPLY AGREEMENT

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 2022 Diesel Fuel Supply Agreement will provide certainty in the supply to HV Operations' production and operations, so as to generate revenue for the Company.

DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2022 Diesel Fuel Supply Agreement (including the proposed annual caps) are fair and reasonable, and 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.

None of the Directors has a material interest in the 2022 Diesel Fuel Supply Agreement and the transactions contemplated thereunder, and therefore no Director abstained from voting on the relevant resolution of the Board in respect of the 2022 Diesel Fuel Supply Agreement and the annual caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, HV Operations was 51% indirectly owned by the Company and 49% owned by Anotero Pty Ltd. Accordingly, HV Operations is a subsidiary of the Company under the Listing Rules.

As GAO is a subsidiary of Glencore plc, which is the holding company of Anotero Pty Ltd, a substantial shareholder of HV Operations, GAO is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company's subsidiary.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the maximum annual transaction amount to be paid by HV Operations to GAO for the purchase of diesel fuel pursuant to the 2022 Diesel Fuel Supply Agreement is more than 1% but all of the applicable percentage ratios are less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the continuing connected transactions under the 2022 Diesel Fuel Supply Agreement are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, but are subject to the reporting, announcement and annual review requirements.

INFORMATION IN RELATION TO THE COMPANY AND GAO

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 Australian Securities Exchange and the Stock Exchange since 2012 and 2018, respectively.

GAO's principal business activity is the supply of fuel needs of mining, agricultural and other customers. Its business extends into the wholesale fuel market of supplying oil majors where required, as well as being a large supplier to independents and large volume end users. GAO is a member of Glencore plc, the shares of which are listed on the London Stock Exchange and the Johannesburg Stock Exchange. Glencore plc is one of the largest global diversified natural resources companies in the world.

DEFINITIONS

“Board”	the board of Directors of the Company
“Company”	Yancoal Australia Ltd, a company incorporated under the laws of Australia with limited liability, whose ordinary shares are listed on The Australian Stock Exchange and The Stock Exchange of Hong Kong Limited
“Director”	a director of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

By order of the Board

Yancoal Australia Ltd
Baocai ZHANG
Chairman

Hong Kong, 13 October 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.