Quarterly Report

For the Quarter ending 30 September 2023

Issued 19 October 2023

September Quarter 2023 (3Q 2023)

- A$197/t average realised coal price.
- $324 million increase in cash holding[1].
- $920 million cash balance at 30 September 2023.
- 16.1Mt ROM coal production (100% basis).
- 12.1Mt Saleable coal production (100% basis).
- 9.3Mt Attributable saleable coal production.
- 8.6Mt Attributable coal sales.

Performance Summary

At Yancoal, we always prioritise the safety of our workforce. We are proud our Total Recordable Injury Frequency Rate of 5.1 remains significantly below the industry average[2].

In 3Q 2023, attributable coal production increased by 9% on 2Q, while our average realised price decreased by 13% to A$197/t over the same period.

After paying the $489 million 2023 Interim dividend in the quarter, the closing cash balance was $920 million.

The previous emphasis on pre-strip and overburden removal to rebuild mining inventory eased during the quarter. Production rates improved again during the quarter and this positive trend is expected to continue in the fourth quarter as the ongoing mine recovery plans deliver improved production. The operational guidance for 2023 remains:

- 31-36 million tonnes of attributable saleable production,
- $92-$102/tonne cash operating costs, and
- $600-$750 million of attributable capital expenditure.

CEO Comment

Our average realised coal price was A$197/tonne for the quarter and A$247/tonne for the first nine months of 2023. By the end of the quarter, coal market conditions improved as seasonal factors and supply disruptions tipped the supply-demand balance in favour of coal sellers.

Output from our mines continued to improve as we deliver on our recovery initiatives across our operations. The trend of increased output each quarter this year is a direct result of the dedication of our people across all our sites. We aim to extend the positive trend into the fourth quarter, as our recovery initiatives progress towards completion.

We paid dividends to shareholders again in September and have now distributed approximately A$2.30 per share over the past two years, with A$1.60 per share of this fully franked.

The Group is debt free with a 30 September cash balance of $920 million. A continuing strong revenue profile is likely to result in ongoing corporate tax payments and franking credit accumulation.

Thermal coal markets appear balanced. Restocking ahead of the Northern hemisphere winter by power generators, domestic supply disruptions in China, increased demand from India due to lower hydro generation and some buyers reducing Russian coal imports, all appeared to bolster market sentiment through the period.

Yancoal remains focused on bolstering production and reducing cash operating costs to drive continued cash generation in all coal market conditions – as we always have.

[1] Cash position change from 30 June 23 to 30 September 23, with the interim dividend payment added back, but capex and progressive tax payments are not added back. All financial figures are in Australian dollars, unless specified otherwise.
[2] See details on page 3.

PRODUCTION AND SALES DATA

ROM COAL PRODUCTION, Mt	Mine type	Economic Interest	3Q 2023	2Q 2023	PP Change	3Q 2022	PCP Change	9 months year-to-date 2023	9 months year-to-date 2022	9 months year-to-date Change
Moolarben	OC / UG	95%	5.3	6.0	(12%)	4.0	33%	14.4	13.3	8%
Mount Thorley Warkworth	OC	82.9%	4.5	4.3	5%	3.6	25%	12.1	9.2	32%
Hunter Valley Operations	OC	51%	4.5	3.1	45%	3.2	41%	10.3	9.8	5%
Yarrabee	OC	100%	0.6	0.5	20%	0.6	-%	1.7	1.7	-%
Middlemount	OC	49.9997%	0.9	0.7	29%	0.8	13%	2.3	2.8	(18%)
Ashton	UG	100%	0.1	0.1	-%	0.7	(86%)	0.7	1.6	(56%)
Stratford Duralie	OC	100%	0.2	0.1	100%	0.3	(33%)	0.6	0.6	-%
Total – 100% Basis			**16.1**	**14.8**	**9%**	**13.2**	**22%**	**42.1**	**39.0**	**8%**
Total – Attributable			**12.1**	**11.7**	**3%**	**9.8**	**23%**	**32.1**	**29.1**	**10%**

SALEABLE COAL PRODUCTION, Mt	Coal type	Attributable Contribution	3Q 2023	2Q 2023	PP Change	3Q 2022	PCP Change	9 months year-to-date 2023	9 months year-to-date 2022	9 months year-to-date Change
Moolarben	Thermal	95%	4.5	4.8	(6%)	3.4	32%	11.9	11.8	1%
Mount Thorley Warkworth	Met. Thermal	82.9%	3.3	2.6	27%	2.1	57%	7.9	5.8	36%
Hunter Valley Operations	Met. Thermal	51%	3.0	2.4	25%	2.4	25%	7.2	8.0	(10%)
Yarrabee	Met. Thermal	100%	0.5	0.5	-%	0.5	-%	1.4	1.5	(7%)
Middlemount	Met. Thermal	0% (equity accounted)	0.6	0.5	20%	0.7	(14%)	1.6	2.1	(24%)
Ashton	Met.	100%	-	-	-	0.3	(100%)	0.3	0.7	(57%)
Stratford Duralie	Met. Thermal	100%	0.2	0.1	100%	0.2	-%	0.4	0.5	(20%)
Total – 100% Basis			**12.1**	**10.9**	**11%**	**9.6**	**26%**	**30.7**	**30.4**	**1%**
Total – Attributable			**9.3**	**8.5**	**7%**	**7.3**	**27%**	**23.7**	**22.8**	**4%**

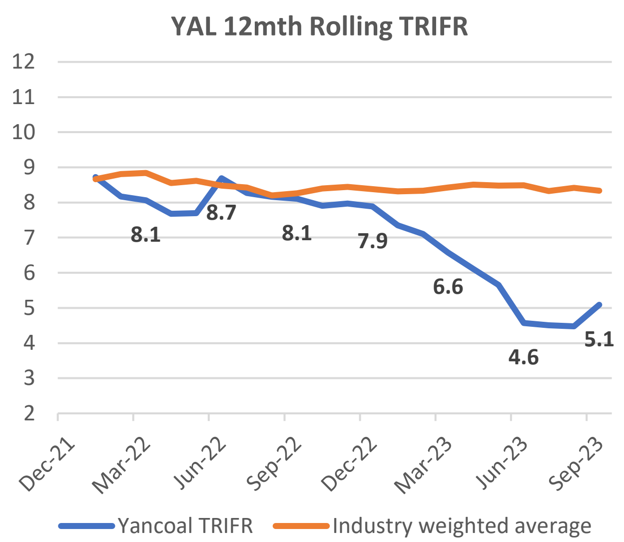
SALES VOLUME by coal type, Mt	3Q 2023	2Q 2023	PP Change	3Q 2022	PCP Change	9 months year-to-date 2023	9 months year-to-date 2022	9 months year-to-date Change
Thermal coal	**7.7**	7.3	5%	5.8	33%	19.7	19.1	3%
Metallurgical coal	**0.9**	1.2	(25%)	0.9	-%	3.3	3.3	-%
Total – Attributable	**8.6**	**8.5**	**1%**	**6.7**	**28%**	**23.0**	**22.4**	**3%**
Thermal coal average realised price, A$/tonne	178	197	-10%	489	-64%	224	356	-37%
Metallurgical coal average realised price, A$/tonne	360	403	-11%	434	-17%	384	411	-7%
Overall average realised price, A$/tonne	**197**	**226**	**-13%**	**481**	**-59%**	**247**	**364**	**-32%**

Notes:

- ROM = Run of Mine; the volume extracted and available to be processed.
- Attributable figures exclude production from Middlemount (incorporated joint venture and equity-accounted).
- 'Sales volumes by coal type' excludes the sale of purchased coal.
- Realised prices are provided on an ex-mine basis, excluding purchased coal and corporate contract volumes.

1Q = March quarter period
2Q = June quarter period
Mt = million tonnes
Met. = Metallurgical coal
3Q = September quarter period
4Q = December quarter period
PP = Prior quarter period
PCP = Prior year corresponding period
UG = Underground
OC = Open-cut

SAFETY



The health and well-being of all Yancoal employees remain a key focus. The 12-month rolling Total Recordable Injury Frequency Rate[3] at the end of 3Q 2023 was 5.1, up 0.5 from the record low of 4.6 rate at the end of 2Q 2023[4], and significantly below the comparable industry weighted average of 8.3.

Yancoal was nominated as a finalist in the Australian Workplace Health and Safety Awards 2023 for "Best WHS learning and Professional Development Programme". This was for the development and implementation of the 'Safe Way Every Day' Programme. This five-year programme is designed to provide a consistent approach to health, safety and training management across all Yancoal operations, and to support the integration of a safety culture across the business. The initiatives and training provided involve simple concepts and tools that our whole workforce can use to enhance personal safety, happiness, health and wellbeing, both on the job and in their personal lives. We have also commenced Stage 3 of the four-year, four-stage Mental Health Programme. Both programmes are contributing towards positive workforce outcomes.

COAL SALES AND MARKET OUTLOOK

During 3Q 2023, attributable mine production sales of 8.6Mt were 0.7Mt less than attributable saleable coal production, which kept inventory levels comparable to past periods. Yancoal purchased additional coal for blending to optimise the overall product mix and realised prices. The sales volume includes 0.25Mt supplied to domestic power generators under the NSW Government domestic coal reservation directions.

Yancoal sells most of its thermal coal at prices associated with the GlobalCOAL NEWC 6,000kCal NAR index (GCNewc) and the All-Published Index 5 (API5) 5,500kCal index. Each contract has price adjustments for energy content and other coal characteristics. Typically, thermal coal produced in the Hunter Valley tends to have GCNewc index characteristics. In contrast, coal produced west of the Hunter Valley tends to have API5 Index characteristics or sits between the indices. That said, there are multiple coal seams mined in each region, so the coal quality varies depending on where it was sourced in any given period. Yancoal's metallurgical coal is typically sold at prices associated with the Platts Low Vol PCI FOB Australia and Platts Semi-Soft FOB Australia Indices.

During 3Q 2023, the API5 index and the GCNewc index increased by 16% and 14% respectively; and the PCI and Semi-Soft indices increased by 6% and 12% respectively. The API5 price averaged US$88/t and ended the quarter at US$100/t. The GCNewc index averaged US$149/t and ended the quarter at US$158/t.

[3] Attributable TRIFR includes Moolarben, Mount Thorley Warkworth, Stratford Duralie, Yarrabee and Corporate; it excludes joint venture operated Middlemount and Hunter Valley Operations. The Industry Weighted Average combines proportional components from the relevant New South Wales and Queensland Industry references. The sources for the industry statistics are published periodically, as revised data is released the industry weighted average calculation is updated.

[4] Prior periods may be revised for reclassification of past events.

Yancoal's realised prices in any given period tends to lag relevant coal price indices due to various sales contract structures, and this was the case in 3Q 2023. Factors influencing the realised price can include: premiums (or discounts) to reflect market conditions; the capacity to wash coal and improve the product specifications; and the availability of coal for purchase and blending.

After converting to Australian dollars, Yancoal recorded an average realised thermal coal price of A$178/t and an average realised metallurgical coal price of A$360/t in 3Q 2023. Yancoal's overall average realised sales price in 3Q 2023 was A$197/t, compared to A$226/t in the prior quarter and A$481/t achieved in 3Q 2022.

	Units	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
API5, 5,500kCal	US$/t	117	172	194	195	141	125	102	88
GCNewc, 6,000kCal	US$/t	186	264	372	421	381	242	158	149
Low Vol PCI, FOB Aust.	US$/t	248	389	426	246	273	311	207	169
Semi-Soft, FOB Aust.	US$/t	235	354	367	200	234	266	181	167
AUD:USD		0.73	0.72	0.72	0.68	0.66	0.68	0.67	0.65
API5, 5,500kCal	A$/t	160	237	270	286	215	183	153	135
GCNewc, 6,000kCal	A$/t	255	364	518	616	579	354	237	228
Low Vol PCI, FOB Aust.	A$/t	340	534	592	360	415	456	271	255
Semi-Soft, FOB Aust.	A$/t	322	487	510	294	356	389	310	258
Realised Thermal price	A$/t	195	243	353	489	430	338	197	178
Realised Metallurgical price	A$/t	285	349	446	434	389	383	403	360
Overall realised price	**A$/t**	**209**	**258**	**368**	**481**	**422**	**347**	**226**	**197**

Source: GlobalCOAL, Platts, Argus/McCloskey, Reserve Bank of Australia.[5]
Note: A$/t prices are a simple conversion using the US$/t price and the relevant AUDUSD exchange rates for the period.

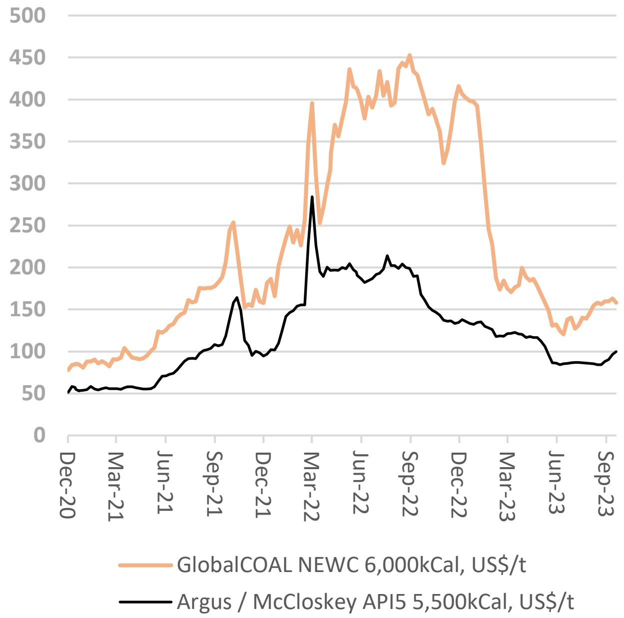
The start of coal stockpile accumulation ahead of winter across Asia and Europe, disruptions in the Chinese domestic market related to safety incidents in China's Guizhou province, increase in demand from India following a drier monsoon period with lower hydro generation and South Korea reducing imports of Russian coal all appear to contribute to the stronger market sentiment. In the global energy markets, excess gas supply evident in the prior quarter dissipated as demand increased; this removed one of the factors putting downward pressure on thermal coal indices.

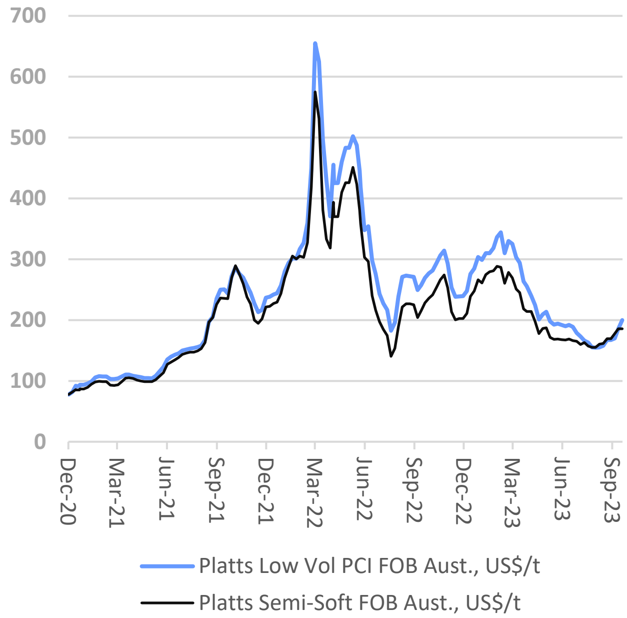
On the supply side, Australian supply remains robust with favourable weather conditions whilst logistical constraints are starting to slow down Russian exports to the Far East. A drier than normal rainy season has seen Indonesian miners maintain production at elevated levels.

Overall, supply and demand in the thermal coal markets appear balanced. The market response to seasonal factors and temporary disruptions indicates there is no structural shortfall or oversupply.

[5] The data and information provided by GlobalCOAL, Platts and Argus/McCloskey may not be copied or used except as expressly permitted in writing by the data provider.

The metallurgical coal markets displayed positive price trends late in the quarter, supported primarily by supply concerns including slower load times at Queensland ports and lack of confidence in Australian miners to maintain production. US and Canadian supply are delicately balanced. Stronger demand from India was the result of increased economic activity, whilst, conversely, demand in Europe declined due to weak steel market conditions.





Source: GlobalCOAL, Platts, Argus/McCloskey. [6]

ASSET PERFORMANCE

The efforts directed to mine recovery plans continued to deliver positive results during the period across most operations. Saleable coal production matched, or exceeded, the prior quarter at all mines. The exception to this was Moolarben, where temporarily lower underground production followed a planned longwall move and "longwall face shortening", and unplanned equipment maintenance outages impacted the open-cut mine.

Water storage capacity continues to improve across the open-cut mines after the record rainfall events during 2021 and 2022. The emphasis on pre-strip and overburden in advance activities is still a focus at our NSW mines, however these sites are starting to see ROM coal and saleable coal production rates return to former levels.

We maintain our focus on making further productivity gains in the final quarter of the year and continue to use additional hire equipment to maximise the mine recovery works as required whilst balancing the additional costs against the increased production volumes.

Moolarben

Following a longwall move in July, production rates were initially lower than planned, but output increased after conveyor availability issues were addressed. In September, longwall production was temporarily curtailed,

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as the longwall face underwent a planned shortening to avoid any potential surface subsidence impacting a cultural heritage site.

Unplanned maintenance on one of the primary excavators impacted output from the open cut; however, improved productivity and utilisation of the other large excavators and truck fleets mitigated the impact.

Reduced open-cut output lowered wash plant throughput and saleable coal production during the quarter. Wash plant yield was lower due to the trial of an alternate high-ash coal feed; however, overall yield performance was higher when processing lower ash coal.

Mount Thorley Warkworth (MTW)

MTW continues to operate with longer than usual truck haulage cycles (short dumping options were utilised during the previous two years of wet weather). As with the prior quarter, continued improvement in haul truck reliability partially countered this situation and contributed to increased output at MTW. Equipment utilisation remains a focus area for operations; reflected in the uplift in ROM coal volume. Increased wash plant throughput rates, made possible by the coal types available, further boosted saleable coal output.

Hunter Valley Operations (HVO)

Favourable mining and truck haulage conditions, combined with good equipment reliability, enabled increased productivity rates and lower cycle times, which boosted overburden volume movement. Blasted overburden inventory is back to target levels, which also contributed to improved equipment utilisation and productivity.

At the wash plant, reduced inter-seam waste material thickness and low ash coal feed boosted yield and saleable coal output. Saleable coal output might have been higher, but stockpile levels and maintenance issues curbed activity for several days late in the quarter.

Yarrabee

Favourable weather conditions and increased operating hours lifted mining volumes and blasted inventory volumes also improved from previous low levels. Higher feed volumes allowed for high wash plant feed rates, countering the lower yield on the high-ash coal feed.

Middlemount

During the quarter, the mine encountered hard dig conditions and equipment reliability issues but output still improved from the prior quarter. This included the carry-over of some coal scheduled for mining in June to July.

Ashton

Following the water inflow event in July, the introduction of additional pumping capacity brought the water level down, allowing inspection and assessment of the longwall equipment.

Longwall operations remain suspended. The recovery and repair work will likely take the remainder of the year to complete. Accordingly, there was no coal production in the third quarter, other than development activities. The current expectation is a return to normal operations around the end of the fourth quarter.

Stratford Duralie

Open cut production rates were good due to favourable weather conditions. Mining conditions in the bottom of the Avon pit temporarily restricted ROM coal output, but high ROM stockpiles and overtime at the wash plant increased product coal output over the prior quarter.

NSW COAL RESERVATION DIRECTIONS and COAL ROYALTIES

On 16 February 2023, the New South Wales Government introduced domestic coal reservation directions (Directions), for the 15-month period from 1 April 2023 until 30 June 2024. Under the Directions, the Company is compelled to make available up to 0.31Mt of coal per quarter from attributable saleable production to domestic power generators. Coal sold under the Directions is subject to an energy adjusted price cap of A$125/tonne delivered for 5,500 kcal/kg products.

Yancoal is meeting its obligations under the Directions, and in 3Q 2023 supplied its contracted volume of 0.25Mt to domestic power generators.

Where the production cost of the delivered coal (plus royalties and a reasonable margin) exceeds the price cap, an application can be made to increase the price cap. Yancoal made such an application for coal supplied from Stratford and has received an increase in the price cap to $173.95/ tonne delivered for 5,500 kcal/kg products (energy adjusted) – this price will be applied for coal delivered from 31 July 2023.

Coal will still be required to be made available from other Yancoal mines under the Directions at the price cap of A$125/tonne delivered for 5,500 kcal/kg products (energy adjusted).

The New South Wales Government will increase royalty rates for coal exports at the conclusion of the Directions, from 1 July 2024. The current royalty rates will increase by 2.6% and this will affect several Yancoal operations.

Mine type	Existing Royalty	New Royalty	Yancoal mines affected
Open cut mines	8.2%	10.8%	Moolarben open-cut, MTW, HVO, Stratford-Duralie
Underground mines	7.2%	9.8%	Moolarben underground, Ashton
Deep underground mines	6.2%	8.8%	none

SAFEGUARD MECHANISM

Reforms to the Safeguard Mechanism scheme came into effect on 1 July 2023. The reforms reset the methodology for determining annual emissions caps (baselines) on Safeguard Mechanism facilities. Reforms also introduce an annual decline rate for baselines at Safeguard Mechanism facilities, with an effective cost per tonne of emissions over the baseline.

Yancoal’s mines, other than Stratford, are covered by the Safeguard Mechanism. Yancoal’s assessment of the reforms’ fiscal impact is ongoing; the outcome will depend on several factors, including the cost of carbon offsets and the existence of viable abatement opportunities. Yancoal will provide further commentary on the potential fiscal impact once there is a reliable basis for the projection.

DEVELOPMENT PROJECTS and EXPLORATION

At Moolarben, modifications completed earlier in the year increased the coal wash plant production capacity to 16Mtpa. The facility continues to operate at anticipated levels.

The MTW underground mine concept remains subject to studies and assessments, which are not expected to be concluded during 2023.

Yancoal incurred $0.218 million in exploration capital expenditure during the period at Moolarben. The exploration work comprised 4 core and non-core boreholes for a total of 151m drilled. The capital expenditure was low due to the prioritisation of operating activities.

CORPORATE ACTIVITY

Yancoal distributed its fully franked Interim Dividend on 20 September 2023; returning $489 million to shareholders. The shareholders received A$0.3700 per share.

CONFERENCE CALL FOR ANALYSTS AND INVESTORS

The Company will host an audio conference call for analysts and investors. CEO, David Moult, will provide comments on the quarterly performance and conduct a ‘Question and Answer’ session.

Date: Friday 20 October 2023
Time: 11:00am Sydney
Webcast: https://edge.media-server.com/mmc/p/mqh5m583

Participants are encouraged to use the webcast link to pre-register for the conference call. There is an option to have the Company hosting the call participants directly at the scheduled start time.

Authorised for lodgement by the Yancoal Disclosure Committee. This report was compiled from verified material. The Yancoal Disclosure Committee evaluates and reviews the process and content to confirm the integrity of the report.

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