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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 IN RELATION TO
THE POSCO COAL SALES FRAMEWORK AGREEMENT
AND

REVISION OF ANNUAL CAPS FOR TRANSACTIONS UNDER THE YANKUANG ENERGY
FRAMEWORK COAL PURCHASE AGREEMENT

Reference is made to (i) the continuing connected transactions entered into by the Company and disclosed in the Connected Transactions section of the prospectus issued by the Company on 26 November 2018 (the “**Prospectus**”); (ii) the announcement of the Company dated 22 December 2021 in relation to, among others, the purchase of coal from the Group by POSCO and/or its associates during the three years ending 31 December 2024 under the POSCO Coal Sales Agreements; and (iii) the announcement of the Company dated 22 December 2023 in relation to, among others, the purchase of coal by the Group from Yankuang Energy Group during the three years ending 31 December 2026 under the Yankuang Energy Framework Coal Purchase Agreement.

As the Company expects to continue to carry on the relevant continuing connected transactions after the end of 2024, on 12 November 2024, the Company entered into a coal sales framework agreement with POSCO and set annual caps for the continuing connected transactions thereunder for the three years ending 31 December 2025, 2026 and 2027.

The Board also resolved to revise the annual cap for the purchase of coal by the Group from Yankuang Energy Group pursuant to the Yankuang Energy Framework Coal Purchase Agreement for the two years ending 31 December 2025 and 2026 due to increased competition in the market and for satisfying back-to-back on-sale of coal to the Company’s end customers.

A. INTRODUCTION

On 12 November 2024, the Company entered into a framework coal sales agreement for the purchase of coal from the Group by POSCO and/or its associates pursuant to the POSCO Framework Coal Sales Agreement.

The Board also resolved to revise the annual cap for the purchase of coal by the Group from Yankuang Energy Group pursuant to the Yankuang Energy Framework Coal Purchase Agreement for the two years ending 31 December 2025 and 2026.

B. MATERIAL TERMS OF THE POSCO FRAMEWORK COAL SALES AGREEMENT

On 22 December 2021, each of Ashton Coal Mines Limited, Miller Pohang Coal Company Pty Limited, Yarrabee Coal Company Pty Ltd and Stratford Coal Pty Ltd (each a subsidiary of the Company) entered into a coal sales agreement with POSCO (collectively, the “**POSCO Coal Sales Agreements**”) pursuant to which POSCO and/or its associates have agreed to purchase coal from the Group during the three years ending 31 December 2024.

On 12 November 2024, the Company entered into a coal sales framework agreement (the “**POSCO Framework Coal Sales Agreement**”) with POSCO pursuant to which POSCO and/or its associates have agreed to purchase coal from the Group for a term of three years commencing on 1 January 2025 and expiring on 31 December 2027, and set the aggregate annual caps for the three years ending 31 December 2025, 2026 and 2027 for the transactions under the POSCO Framework Coal Sales Agreement.

Subject Matter

The POSCO Framework Coal Sales Agreement provides that all transactions in relation to the sale of coal by the Group to POSCO and/or its associates must be (i) in the ordinary and usual course of business of the Group, (ii) on an arm's length basis, (iii) on normal commercial terms; and (iv) in compliance with, amongst other things, the Listing Rules and applicable laws.

Basis of Consideration

Considering the nature of coal, the sale price will be determined with reference to the prevailing market price for the relevant type of coal. When determining the prevailing market price, the Company will take into account relevant industry benchmarks and indices for the relevant type of coal and coal quality.

Historical Amounts and Annual Cap

The aggregate annual transaction amounts received by the Group from POSCO and/or its associates for the sale of coal for the two years ended 31 December 2022 and 2023 and the nine months ended 30 September 2024 were approximately US\$337.1 million, US\$305.6 million and US\$205.4 million, respectively.

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 Framework Coal Sales Agreement for each of the three years ending 31 December 2025, 2026 and 2027 will not exceed US\$510 million.

The above annual cap was calculated by reference to (i) the historical transaction amounts, (ii) the expected demand for coal from POSCO and/or its associates for the next three years, and (iii) the estimated sale price for the coal the Company typically charges.

Reasons for, and benefits of, the POSCO Framework Coal Sales Agreement

The Company's principal business activity is the production of thermal and metallurgical coal. POSCO has been a consistent, and one of the major customers of the Company since at least 2006, with the Company now being one of POSCO's major coal supplier by volume. The Company believes that through supplying coal to POSCO in the Company's ordinary and usual course of business, the Company could maintain its good business relationship with POSCO, further expand its business operation and generate revenue.

Listing Rules Implications

As at the date of this announcement, POSCO Australia Pty Ltd is interested in 20% of the Mount Thorley JV (a subsidiary of the Company under the Listing Rules), it is a connected person of the Company by virtue of being a substantial shareholder of the Company's subsidiary. POSCO is an associate of POSCO Australia Pty Ltd as both of them are wholly-owned subsidiaries of POSCO Holdings. Therefore, POSCO is a connected person of the Company.

The highest applicable percentage ratio in respect of the annual cap for the continuing connected transactions under the POSCO Framework Coal Sales Agreement exceeds 5%. As the continuing connected transactions under the POSCO Framework Coal Sales Agreement (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.

C. REVISION OF ANNUAL CAPS FOR TRANSACTIONS UNDER THE YANKUANG ENERGY FRAMEWORK COAL PURCHASE AGREEMENT

Reference is also made to the announcement (the “**2023 Announcement**”) issued by the Company on 22 December 2023 in relation to the renewal of the continuing connected transactions for the purchase of coal by the Group from Yankuang Energy Group under the Yankuang Energy Framework Coal Purchase Agreement. Unless otherwise defined, capitalised terms used in this section headed “C. Revision of Annual Caps for Transactions under the Yankuang Energy Framework Coal Purchase Agreement” shall have the same meanings as those defined in the 2023 Announcement.

As disclosed in the 2023 Announcement, the maximum annual transaction amounts to be paid by the Group to Yankuang Energy Group for the purchase of coal pursuant to the Yankuang Energy Framework Coal Purchase Agreement for the two years ending 31 December 2025 and 2026 will not exceed US\$45 million and US\$45 million, respectively.

In view of increased competition in the market and to enable the Group to satisfy its back-to-back on-sale of coal to the Company's end customers, the Company estimates the annual caps for the two years ending 31 December 2025 and 2026 previously set out in the 2023 Announcement will not be sufficient. Accordingly, on 12 November 2024, the Company decided to revise the annual caps for the two years ending 31 December 2025 and 2026 to US\$110 million and US\$110 million, respectively. The terms of the Yankuang Energy Framework Coal Purchase Agreement remained unchanged and the major terms of which were set out in the 2023 Announcement.

The revised annual caps have been determined with reference to (i) the historical transaction amounts, in particular, the actual transaction amounts of nil, US\$13.3 million, and US\$36.3 million for the two year ended 31 December 2022 and 2023 and the nine months ended 30 September 2024, respectively, (ii) the expected spot demand for coal from Yankuang Energy Group for back-to-back on-sale of such coal by the Group to its end customers for the two years ending 31 December 2025 and 2026 and (iii) the anticipated increase in competition in market for coal purchase and the estimated increase in the sale price for the coal.

Listing Rules Implications

As at the date of this announcement, Yankuang Energy is a controlling shareholder of the Company, holding approximately 62.26% of the total issued shares of the Company. Accordingly, Yankuang Energy is a connected person of the Company and the transactions contemplated under the Yankuang Energy Framework Coal Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of each of the caps is, on an annual basis, more than 0.1% but less than 5%, such continuing connected transaction will be subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

D. DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that:

- the terms of the continuing connected transaction agreements as set out in this announcement, including the relevant annual caps or revised annual caps (as the case may be) thereunder, are fair and reasonable; and

- the transactions under the continuing connected transaction agreements as set out in this announcement are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

With respect to the Yankuang Energy Framework Coal Purchase Agreement, Mr. Gang Ru, Mr. Xiaolong Huang and Mr. Ning Yue have declared that they hold certain positions in Yankuang Energy. However, the articles of association of the Company does not preclude such Directors from voting. Accordingly, none of the Directors abstained from voting on the relevant resolutions of the Board approving the transactions under the Yankuang Energy Framework Coal Purchase Agreement, including the revised annual caps thereunder.

E. INFORMATION IN RELATION TO THE COMPANY AND THE PARTIES

(i) The Company

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 Hong Kong Stock Exchange since 2012 and 2018, respectively.

(ii) Yankuang Energy

Yankuang Energy is principally engaged in the business of mining, high-end chemicals and new materials, new energy, high-end equipment manufacturing, and intelligent logistics. Yankuang Energy's main products are steam coal for use in large-scale power plants, coking coal for metallurgical production, prime quality low sulphur coal for use in pulverized coal injection and chemical products methanol, acetic acid etc. The H Shares and A Shares of Yankuang Energy are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. Shandong Energy is the controlling shareholder of Yankuang Energy.

(iii) POSCO

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.

F. 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 Securities Exchange and The Stock Exchange of Hong Kong Limited
“Director”	a director of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“POSCO”	POSCO, a company incorporated under the laws of Korea, and a wholly-owned subsidiary of POSCO Holdings
“Shandong Energy”	Shandong Energy Group Company Limited* (山東能源集團有限公司), a company with limited liability reformed and established under the laws of the PRC on 12 March 1996, the

	controlling shareholder of Yankuang Energy and the ultimate controlling shareholder of the Company
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares in the share capital of the Company
“Yankuang Energy”	Yankuang Energy Group Co. Limited* (兗礦能源集團股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Yankuang Energy Group”	Yankuang Energy and its subsidiaries (excluding the Group)

By order of the Board
Yancoal Australia Ltd
Gang RU
Chairman

Hong Kong, 12 November 2024

As of the date of this announcement, the executive Director is Mr. Ning Yue, the non-executive Directors are Mr. Gang Ru, Mr. Xiaolong Huang and Mr. Changyi Zhang and the independent non-executive Directors are Mr. Gregory James Fletcher, Dr. Geoffrey William Raby and Ms. Debra Anne Bakker.