

19 August 2014

ASX Release:

Half Year Results 2014

Highlights:

- Strong production of 11.1Mt of ROM coal (equity basis) and 7.9Mt of saleable product coal (equity basis)
- New regional reporting structure achieved sustainable cost controls and operational efficiency improvements
- Continued FOB cost savings across sites
- Producing at optimal levels to maximise yield recoveries
- Increased thermal blending opportunities
- Continued roll-out of LEAN program (implementation of the Yancoal Way).

Yancoal Australia Ltd (**Yancoal**) announced a loss after income tax of \$192.7 million from revenue of \$654.6 million for the half-year ended 30 June 2014. Operating EBIT was a loss of \$186.1 million.

Losses were mostly attributable to the impacts of the continuing strength of the Australian dollar and downturn in thermal and metallurgical coal prices, driven by global market oversupply.

In response to market headwinds, Yancoal restructured its operations under a new regional reporting model, resulting in improved operational performance and increased yields for the period.

Yancoal achieved saleable coal production of 7.9Mt (equity basis) for the first half of the year, up 4% on the same period in 2013.

Chief Executive Officer Reinhold Schmidt said, "By implementing a robust business transformation project, we have achieved significant production efficiencies and delivered operational improvements throughout the first half, while demonstrating our ongoing commitment to transparency and compliance.

"We are maximising yields via product optimization and responding to new marketing opportunities for Yancoal's existing blending strategies.

"As we continue to implement strict cost controls and business improvements, we are building a solid foundation for future development and expansion under challenging market conditions.

"In the year ahead we remain focused on improving our capital structure and asset portfolio, via the progression of our growth pipeline of brownfield projects, including the proposed expansion of the Moolarben Stage 1, Stratford and Ashton mines and development of Moolarben Stage 2.

“With the support of the executive and operational leadership teams, we will also continue to implement the next phase of our cultural change, sustainable cost control and operational improvement initiatives, termed the Yancoal Way.”

Outlook

Significant global over-supply continues to weaken export coal prices, with minimal improvements expected in the year ahead.

Yancoal production outlook remains 16.5Mt – 17.0Mt (equity share) saleable production for 2014.

End

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