

29 February 2016

ASX Release:

Full Year Financial Results 2015

Highlights:

- Yancoal Australia Ltd (Yancoal) further improved operational efficiencies and delivered significant costs savings during the period, reporting a Full Year 2015 loss after income tax for the year ended 31 December 2015 of \$291.2 million.
- The loss for 2015 reflects the continued impacts of low thermal and metallurgical coal prices throughout the reporting period, driven by global market oversupply and subsequent impacts of China's National Development and Reform Commission's introduction of new quality coal restrictions for imports into specific regions.
- Yancoal delivered a negative operating EBITDA of \$0.4 million.
- Yancoal responded to the sustained global market constraints via the maximising of blending opportunities, continued restructure of its underground mines, consolidation of back office and shared services, and management of existing take or pay arrangements.
- Cost reduction strategies continued to be successfully implemented across all sites and major projects in accordance with Yancoal's long term business and investment strategy.
- Yancoal achieved strong production of 20.8 million tonnes Run of Mine (ROM) coal (equity share) and 15.2 million tonnes saleable product coal (equity share).

Commentary:

Yancoal Chief Executive Officer Reinhold Schmidt said, "Yancoal continues to implement operational efficiencies and cost savings to address the increasing headwinds of a challenging market, while remaining committed to its investment within the Australian resources sector.

"Via the restructuring of our undergrounds and continued improvement in fleet efficiencies and overburden management at our open cuts, we have achieved significant cost savings on the year prior and met our forecast production targets.

"With the ongoing support of our major shareholders, we continue to progress the development of the low cost, high quality Moolarben asset, while developing new blending opportunities across our New South Wales mines to maximise yields.

"Moving forward, we remain focused on new market growth strategies and the development of our existing brownfield project pipeline."

Overview:

Yancoal announced a loss after income tax of \$291.2 million from revenue of \$1.3 billion for the full year ended 31 December 2015.

Operating EBIT was a loss of \$200.8 million.

Profit Results for 2015 and 2014 with accounting reconciliations	Year ended December 2015			Year ended December 2014		
	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Revenue from continuing operations	1,319.1			1,431.7		
Operating EBITDA	(0.4)			(46.5)		
Operating EBIT	(200.8)			(278.2)		
Profit before non operating items	(362.5)	63.3	(299.2)	(443.0)	35.5	(407.5)
FX gain on loans	-	-	-	24.1	(7.2)	16.9
Impairment reversal	-	-	-	140.0	(42.0)	98.0
Gain on acquisition	6.3	-	6.3	28.3	-	28.3
Mark to market CVRs	-	-	-	(3.5)	-	(3.5)
Remeasurement of royalty	2.4	(0.7)	1.7	(16.8)	5.0	(11.8)
MRRT repeal	-	-	-	-	(73.9)	(73.9)
Profit / (loss)	(353.8)	62.6	(291.2)	(270.9)	(82.6)	(353.5)

The loss for 2015 reflects the continued impacts of low thermal and metallurgical coal prices throughout the reporting period, with opportunities for price improvement increasingly limited by the global market's prolonged oversupply.

In response to the negative impacts of the continued downturn, Yancoal restructured its Austar and Abel underground mines and transitioned the Stratford Duralie open cut operation from a contractor-operator model to owner-operated.

The resulting changes in operations enabled Yancoal to implement significant cost management efficiencies and improved production rates for all three mines throughout the second half of the year.

Under Yancoal's regional operating model, sites continued to share systems and processes, while implementing employee and staff training to support the core principles of the Company's "Yancoal Way" culture of safety, integrity, excellence, and innovation.

Outlook:

Metallurgical and thermal coal market prices are expected to remain low for the year ahead, with cost reductions across operations remaining a priority.

In 2016, Yancoal continues to develop its pipeline of major projects, subject to market conditions, while progressing the next phases of the development of the Moolarben complex.

2016 guidance for saleable production is 13.5 million tonnes (equity share).

Forecast for 2016 capital expenditure is around \$350 million (equity share).

End

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