

1 April 2016

ASX Release

Financial Close of Debt Funding

Yancoal Australia Ltd (**Yancoal**) confirms the satisfaction of conditions precedent and financial close of its new financing arrangement, as announced 17 February 2016, to secure up to US\$950 million¹ in new debt funding via the issue of nine-year secured debt bonds by a newly established Yancoal subsidiary, Watagan Mining Company Pty Ltd (**the Issuer**), to Industrial Bank Co. Ltd, BOCI Asia Financial Products Limited (**BOCI**) and United NSW Energy Limited (**UNE**). Financial close occurred with effect from 31 March 2016.

On and from financial close, Yancoal's interest in the New South Wales mining assets of Ashton, Austar and Donaldson will be held by the Issuer. UNE will hold a right to nominate a majority of the Issuer's directors and Yancoal will cease to control the Issuer.²

Yancoal has been appointed as the exclusive provider of mine management, marketing and infrastructure, and other corporate services to the Issuer under 10 year³ contracts.

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¹ US\$175 million of BOCI's total proposed subscription of US\$375 million is subject to obtaining final BOCI credit approval. If such approval is not obtained by 30 September 2016, its commitment in respect of the US\$175 million will be cancelled in full and the total amount raised under the financing will reduce to US\$775 million.

² Yancoal will regain control at the earlier of (i) Yankuang acquiring all issued bonds under a put option granted to the financiers; and (ii) repayment of the bonds.

³ The Issuer may remove Yancoal as services provider for all or part of the services on 6 months' notice and in certain other circumstances.