

Notice of 2016 Annual General Meeting

Notice is given that the 2016 Annual General Meeting (**AGM**) of Yancoal Australia Ltd (**Company**) will be held at 10.30 am (AEST) on Friday, 27 May 2016 at Yancoal Australia Ltd, Level 26, 363 George Street, Sydney, NSW.

Registration will commence at 10.00 am (AEST).

Business

Item 1: Financial Statements and Reports

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and the Auditor for the financial year ended 31 December 2015.

Item 2: Re-election of Directors

To consider and, if thought fit, pass the following resolutions as ordinary resolutions (each as a separate resolution):

Item 2(a):

That Cunliang Lai, who retires from the office of Director, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Item 2(b):

That Yuxiang Wu, who retires from the office of Director, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Item 2(c):

That Vincent John O'Rourke, who retires from the office of Director, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Item 2(d):

That Fuqi Wang, being eligible, offers himself for election, be elected as a Director of the Company.

Information about the above candidates appears in the Explanatory Notes.

Item 3: Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That the Remuneration Report for the year ended 31 December 2015 and as set out in the 2015 Annual Report on pages 37 to 50 (inclusive) be adopted.

Note: In accordance with section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors of the Company.

Voting exclusion statement in respect of Item 3: The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the Key Management Personnel (**KMP**) named in the Remuneration Report for 2015 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the KMP at the date of the AGM or their closely related parties,

unless the vote is cast as proxy:

- for a person entitled to vote on Item 3 in accordance with the direction on the proxy form specifying the proxy is to vote; or
- by the Chairman of the AGM for a person entitled to vote on Item 3 pursuant to an express authorisation in the proxy form to vote as the Chairman sees fit (even though the resolution is connected directly or indirectly with the remuneration of the KMP).

'Closely related party' is defined in the Corporations Act 2001 (Cth) (**Corporations Act**) and includes a spouse, dependent and certain other close family members, of the KMP, as well as any companies controlled by the KMP.

By order of the Board

A handwritten signature in black ink, appearing to be 'Baocai Zhang', written in a cursive style.

Baocai Zhang
Co-Vice Chairman

Information for Securityholders

Eligibility to vote

For the purposes of determining entitlement to vote at the AGM, the Company's shareholders will be taken to be those persons who are the registered holders of the Company's shares as at 7:00pm (AEST) on Wednesday 25 May 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to vote at the AGM.

In this Notice, references to security holders or shareholders are references to holders of ordinary shares in the Company.

Voting

An ordinary shareholder that is an individual may attend and vote in person at the AGM. Please arrive 20 minutes prior to the start of the AGM to facilitate the registration process. Otherwise, an ordinary shareholder may appoint a proxy to attend and vote on their behalf, as outlined below.

An ordinary shareholder or proxy that is a body corporate may appoint an individual to act as its representative to vote at the AGM in accordance with section 250D of the Corporations Act. The appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission to the AGM. A form of the certificate may be obtained from www.computershare.com.

Proxies and attorneys

1. If you are entitled to vote but do not wish to attend the AGM, you may appoint a proxy to attend and vote on your behalf. A body corporate that is a shareholder may also appoint a proxy to attend and vote on its behalf. A proxy need not be an ordinary shareholder.
2. If you are entitled to cast two or more votes, you are entitled to appoint up to two proxies to attend the AGM and vote on your behalf and you may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not so specify, each proxy may exercise half the votes. Fractions of votes will be disregarded.
3. Where an ordinary shareholder appoints 2 proxies or 2 attorneys, neither proxy or attorney is entitled to vote on a show of hands, and on a poll, each proxy or attorney may only exercise votes in respect of those shares or voting rights the proxy or attorney represents.
4. To be effective, the Company must receive the completed proxy form and, if the form is signed by the ordinary shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by **no later than 10:30am (AEST) on Wednesday, 25 May 2016**. Any proxy form received after that time will not be valid for the AGM.
5. The proxy form accompanying this Notice of Meeting can be used to appoint a proxy.
6. Proxy forms (and any power of attorney or certified copy of that power under which they are signed) may be lodged with Computershare:
(a) by mail, to:

Computershare Investor Services Pty Limited
GPO Box 242, Melbourne Victoria 3001

(b) in person, at:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street, Sydney NSW 2000

(c) by facsimile:

1800 783 447 (within Australia)
+ 61 3 9473 2555 (outside Australia)

(d) online via www.investorvote.com.au

You will need your Shareholder Reference Number (**SRN**) or Holder Identification Number (**HIN**), postcode and control number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

A proxy cannot be appointed electronically by a person appointed by a shareholder under a Power of Attorney or similar authority.

Intermediaries with access to Intermediary Online through Computershare Investor Services Pty Limited should lodge their votes through www.intermediaryonline.com.

Alternatively, proxy forms may be lodged with the Company:

(a) by mail, to the attention of the Company Secretary, at:

Yancoal Australia Ltd
Level 26, 363 George Street
Sydney NSW 2000
Australia

(b) by facsimile, to the attention of the Company Secretary, on:

+ 61 2 8583 5399

7. Proxies given by corporate holders of ordinary shares must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.
8. A proxy may decide whether to vote on any motion, except where the proxy is required by law to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction.
9. If your appointed proxy does not attend the AGM or does not vote on a poll in accordance with your directions, the Chairman of the AGM will become your proxy and will vote in accordance with any directions. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit (subject to any applicable voting exclusions).
10. The appointment of a proxy or attorney is not revoked by the appointer attending and taking part at the AGM, but if the appointer votes on a resolution, the proxy or attorney is not entitled to vote, and must not vote, as the appointer's proxy or attorney on the resolution.
11. If the Chairman of the AGM is or becomes your proxy and you do not specify how your proxy is to vote on an item of business, then by completing and submitting a proxy form you will be expressly authorising the Chairman to exercise your proxy as the Chairman sees fit in relation to the adoption of the Remuneration Report (Item 3), even though Item

3 is connected directly or indirectly with the remuneration of the key management personnel of the Company. If you wish to appoint the Chairman as proxy with a direction how to vote on an item of business, including Item 3, you should specify this by completing the “For”, “Against” or “Abstain” boxes on the proxy form.

12. The Chairman of the AGM intends to vote all undirected proxies in favour of each item of business.

Questions and comments by securityholders

The Chairman of the AGM will allow a reasonable opportunity for securityholders to ask questions about or make comments on the management of the Company at the AGM. Securityholders may also submit a written question to the Board. Your questions should relate to matters that are relevant to the business of the AGM, as outlined in this Notice of Meeting and Explanatory Notes.

Similarly, a reasonable opportunity will be given to shareholders to ask the Company’s external auditor, ShineWing Australia, questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor’s report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Securityholders may also submit a written question to ShineWing Australia (via the Company) if the question is relevant to:

- the content of ShineWing Australia’s audit report; or
- the conduct of its audit of the Company’s annual financial reports for the year ended 31 December 2015.

ShineWing Australia will either answer the relevant questions at the AGM or table written answers to them at the AGM. If written answers are tabled at the AGM, they will be made available to securityholders as soon as practicable after the AGM, on the Company’s website, www.yancoal.com.au.

Relevant written questions for the Board and ShineWing Australia must be received no later than 5.00pm (AEST) on Friday, 20 May 2016. A list of those relevant written questions will be made available to securityholders attending the AGM.

Please send any relevant questions for the Board or ShineWing Australia **by 5.00pm (AEST) on Friday, 20 May 2016** to:

- Computershare (Computershare’s contact details are set out on page 4 of this Notice); or
- Yancoal Australia Ltd at our registered office, Level 26, 363 George St, Sydney NSW 2000, Australia, marked for the attention of the Company Secretary.

During the course of the AGM, the Chairman will endeavour to address as many of the more frequently raised shareholder questions as reasonably practicable and, where appropriate, will give a representative of ShineWing Australia the opportunity to answer written questions submitted to the Auditor. However, there may not be sufficient time available at the AGM to address all questions. Please note that individual responses may not be sent to shareholders.

Required majority

The resolutions described in items 2 and 3 of the Business section of this Notice are ordinary resolutions. Each will be passed if at least 50% of votes cast by ordinary shareholders entitled to vote on the resolution are cast in favour of the resolution.

Explanatory Notes

The Explanatory Notes form part of the Notice of Meeting and have been prepared to assist securityholders to understand the business to be put to the securityholders of the AGM.

Item 1: Financial Statements and Reports

The financial statements and reports relate to the period from 1 January 2015 to 31 December 2015.

The Corporations Act requires the Financial Report (which includes the financial statements and notes, and the Directors' Declaration), the Directors' Report and Auditor's Report to be laid before the AGM.

There is no requirement in the Corporations Act for ordinary shareholders to approve the Financial Report, the Director's Report or the Auditor's Report. Pursuant to Rule 7.10 of the Company's Constitution, the Company's majority shareholder, Yanzhou Coal Mining Company Limited, has approved the financial statements of the Company in writing.

Securityholders will, however, be given a reasonable opportunity at the AGM to ask questions and make comments on these reports and on the business and operations of the Company. Securityholders will also be able to ask questions of the Auditor, ShineWing Australia.

The documents are available on the Company's website at www.yancoal.com.au

Item 2: Re-election of Directors

The Company must hold an election of directors each year in accordance with ASX Listing Rule 14.5. Further, in accordance with ASX Listing Rule 14.4 and Rule 8.1(d) of the Company's Constitution, a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

Additionally, the Board has a practice that approximately one third of the Board will retire and seek re-election, so as to prevent a disproportionate number of Directors standing for re-election at future annual general meetings.

As each of Cunliang Lai, Yuxiang Wu, and Vincent O'Rourke were re-elected on 31 May 2013 and have not been subsequently re-elected, they are required to seek re-election in accordance with ASX Listing Rule 14.4 and Rule 8.1(d) of the Company's Constitution.

Under Listing Rule 14.4 and Rule 8.1(c) of the Company's Constitution, if a director was appointed since the last AGM, the director only holds office until the end of the next AGM. Out of the eleven directors currently on the Board, one director, Fuqi Wang, is required to stand for election.

Below are biographical details for those Directors who are seeking election and re-election as Directors of the Company at the AGM.

Item 2(a) – Re-election of Cunliang Lai as a Director

Cunliang Lai, DE, EMBA

Co-Vice Chairman (26 June 2012 – Current), Non-Executive Director (20 January 2014 – Current), member of the Nomination and Remuneration Committee.

Experience and expertise

Mr Lai joined Yanzhou's predecessor in 1980. He was appointed as the head of Xinglongzhuang Coal Mine of Yanzhou in 2000. In 2005, he was appointed as the Deputy General Manager of Yanzhou. Before the merger with Gloucester Coal Ltd, Mr Lai was an Executive Director of Yancoal and was appointed the Co-Vice Chairman and Chair of the Executive Committee in 2012. Mr Lai successfully completed the acquisition of the Astar Coal Mine and the establishment of an appropriate corporate governance structure for Yancoal. Mr Lai has also successfully applied the Longwall Top Coal Caving technology in Australia and has gained considerable experience in Australian coal business management.

Mr Lai graduated from Nankai University and the Coal Science Research Institute. He is a researcher in engineering technology application with a Doctorate in Engineering and an EMBA degree.

Other current directorships

- Director of Yancoal International (Holding) Co., Ltd.
- Director of Bauxite Resources Limited

Former directorships in last three years

None

Recommendation

The Board (with Cunliang Lai abstaining) unanimously recommends that ordinary shareholders vote in favour of the re-election of Cunliang Lai.

Item 2(b) – Re-election of Yuxiang Wu as a Director

Yuxiang Wu, MACC

Non-Executive Director (18 November 2004 – Current), Member of Audit and Risk Management Committee and Member of Strategy and Development Committee.

Experience and expertise

Mr Wu joined Yanzhou's predecessor in 1981. Mr Wu was appointed as the Head of the Planning and Finance department of Yanzhou in 1997, and was appointed as the Chief Financial Officer and a Director of Yanzhou in 2002. In 2012, Mr Wu was appointed a Director of Yancoal. He has considerable experience in financial management and business development in the coal industry. He also has extensive experience in organisational accounting, financial control, capital management, risk management and corporate compliance for Yanzhou and Yancoal.

Mr Wu is a senior accountant with a Masters degree in accounting. Mr Wu graduated from the Party School of Shandong Provincial Communist Committee.

Other current directorships

- Director of Yanzhou Coal Mining Company Limited
- Director of Yanmei Heze Neng Hua Co., Ltd

- Director of Yanzhou Coal Shanxi Neng Hua Company Limited
- Chairman of the Supervisory Committee of Huadian Zouxian Power Generation Company Limited
- Director of Yancoal International (Holding) Co., Ltd
- Director of Yancoal International (Sydney) Pty Ltd
- Director of Yancoal SCN Limited

Former directorships in last three years

None

Recommendation

The Board (with Yuxiang Wu abstaining) unanimously recommends that ordinary shareholders vote in favour of the re-election of Yuxiang Wu.

Item 2(c) – Re-election of Vincent John O’Rourke as a Director

Vincent O’Rourke, B.Econ

Independent Non-Executive Director (22 December 2009 – Current), Chairman of Health, Safety and Environment Committee.

Experience and expertise

Mr O’Rourke brings over 40 years of corporate and railway industry experience spanning operations, finance and business management to the Board of Yancoal. In 1990, Mr O’Rourke was appointed Queensland Commissioner for Railways and was the Chief Executive Officer of Queensland Rail (QR) from 1991 to 2000. As Chief Executive Officer of QR, Mr O’Rourke oversaw a 10 year program of reform and modernisation including corporatisation in 1995. He was awarded a Member of the Order of Australia in 2000 and a Centenary Medal in 2003 for services to the rail transport industry and QR.

Mr O’Rourke holds a Bachelor of Economics from the University of New England. He is an Honorary Doctor of the Queensland University of Technology and Griffith University.

Other current directorships

- Chairman of Rail Innovation Australia Pty Ltd
- Deputy Chairman of Mater Health Services Brisbane Limited
- Director of White Energy Company Limited
- Director of Premier Coal Limited
- Director of Yancoal SCN Limited

Former directorships in last three years

- Chairman of the Queensland Workplace Health and Safety Board
- Director of Bradken Limited

Recommendation

The Board (with Vincent O’Rourke abstaining) unanimously recommends that ordinary shareholders vote in favour of the re-election of Vincent O’Rourke.

Item 2(d) – Election of Fuqi Wang as a Director

Fuqi Wang, ME, EMBA

Non-Executive Director (23 April 2015 – Current), member of Health, Safety and Environment Committee (appointed on 23 April 2015) and member of Strategy and Development Committee (appointed on 23 April 2015).

Experience and expertise

Mr. Fuqi Wang is a research fellow in applied engineering technology with an EMBA degree and Master of Engineering, and serves as the Chief Engineer of Yanzhou.

Mr. Wang joined Yanzhou's predecessor in 1985. In 2000, he was appointed as the Chief Engineer of Production and Technology Division of Yankuang Group. In 2002, he served as the director of Production and Technique Department of Yanzhou. In 2003, he was appointed as the Deputy Chief Engineer and Director of Production and Technique Department of Yanzhou. In March 2004, he was appointed as the Chief Engineer of Yanzhou. Mr. Wang graduated from Northeastern University and Nankai University.

Other current directorships

- Yanmei Heze Neng Hua Co., Ltd

Former directorships in last three years

None

Recommendation

The Board (with Fuqi Wang abstaining) unanimously recommends that ordinary shareholders vote in favour of the election of Fuqi Wang.

Item 3: Remuneration Report

Item 3 – Adoption of the Remuneration Report

The Board submits its Remuneration Report for the year ended 31 December 2015 to securityholders for consideration and adoption by way of non-binding resolution.

The Remuneration Report is set out on pages 37 to 50 (inclusive) of the 2015 Annual Report. This report can also be found on the Company's website at www.yancoal.com.au. The report:

- explains the Company's remuneration principles relating to the nature and amount of the remuneration of directors and senior executives of the Company; and
- sets out the remuneration details for each director and for each relevant executive of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM.

The vote on the Remuneration Report is advisory only and will not bind the Company.

A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

Recommendation

The Board unanimously recommends that ordinary shareholders vote in favour of the adoption of the Remuneration Report.

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