

Yancoal Australia Ltd First Half Results 2012

August 2012



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CEO

Reaching new horizons together



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Financial data and rounding

All dollar values are in Australian dollars (A\$) and financial data is presented within the half year ended 30 June unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this document.

Past Performance

Past performance information given in this Presentation should not be relied upon as (and is not) an indication of future performance.

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Highlights

- **Completed the merger with Gloucester to create one of Australia's largest coal companies**
- **Successfully listed on the ASX**
- **Refinanced debt facilities to obtain a more attractive maturity profile**
- **Growth projects including Moolarben Stage 2 and Middlemount continued to progress in line with expectations**
- **Coal production for 2012 likely to exceed previous year's output**
- **Coal sales volumes maintained despite weak coal markets**
- **Began the process to realise the synergies identified in the merger documents**

Business Results

- Financials

Financial Results

- Yancoal reported a profit of \$415.7 million for the first half
- The result for the first half does not include any contribution from Gloucester as the merger of Yancoal and Gloucester was effective from 27 June 2012

Profit Results for 2012 and 2011 with accounting reconciliations						
	Half Year ending June 2012			Half Year ending June 2011		
	Gross	Tax	Net	Gross	Tax	Net
	\$m's	\$m's	\$m's	\$m's	\$m's	\$m's
Revenue from continuing operations	601.2		601.2	742.6		742.6
EBITDA	124.1			298.4		
EBIT	57.8			238.5		
Profit before non-recurring items	49.0	(6.7)	42.3	361.5	(107.9)	253.6
Transaction Costs	(44.5)	13.3	(31.2)			
Gain on Acquisition	218.1		218.1			
MRRT Adoption		185.1	185.1			
Profit before tax from continuing operations	222.6	191.7	414.3	361.5	(170.9)	253.6
Profit before tax from discontinued operations			1.4			(2.8)
Profit after tax			415.7			250.8

Balance sheet

- The balance sheet as at 30 June 2012 represents the balance sheet for the merged company i.e. Yancoal and Gloucester combined

SIMPLIFIED BALANCE SHEET	30 June 2012 \$m's	31 Dec 2011 \$m's
Cash	343.9	291.0
Current Assets	891.8	824.5
Non Current Assets	6,937.3	4,685.0
Total Assets	7,829.1	5,509.5
Current Liabilities	2,108.2	1,222.7
Non Current Liabilities	3,881.2	2,524.3
Total Liabilities	5,989.4	3,747.0
Net Assets	1,839.7	1,762.5
Total Borrowings	3,508.4	2,993.3
Debt to Total Assets	44.8%	54.3%

Note: Total borrowings include both current (1,128.2 million) and non-current portions (2,380.2 million).

Subsequent to 30 June 2012

- Yancoal has extended US\$2,740 million (A\$2,688.4 million) of loans by five years inclusive of US\$915 million (A\$897.6 million) of current loans which was extended to 2017
- In addition Yancoal International Resources Development Co Ltd, wholly owned by Yanzhou has agreed to provide loan funding of at least US\$720 million for a period of no less than five years

Strong ongoing support provided by Yanzhou

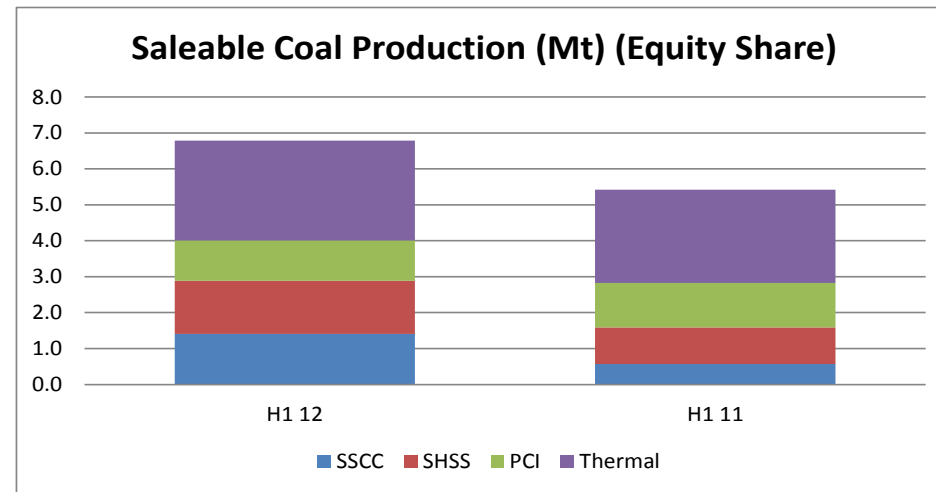
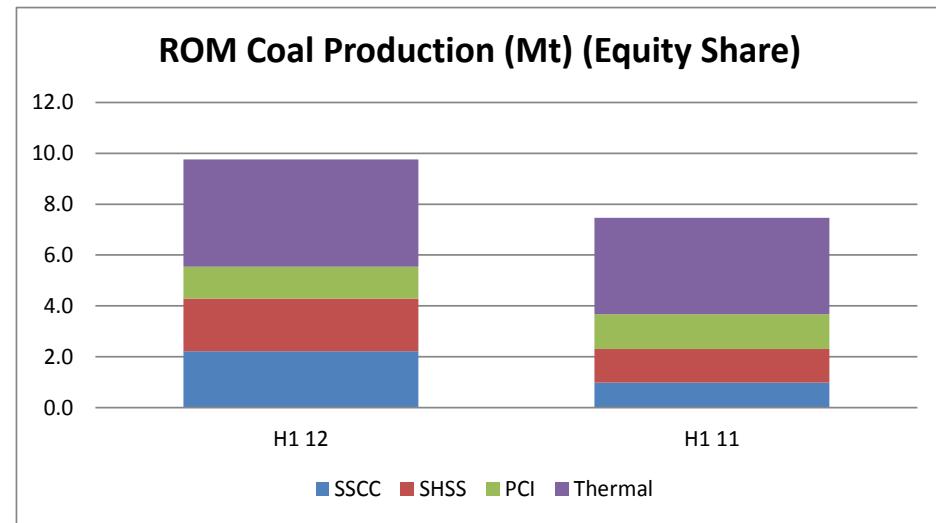
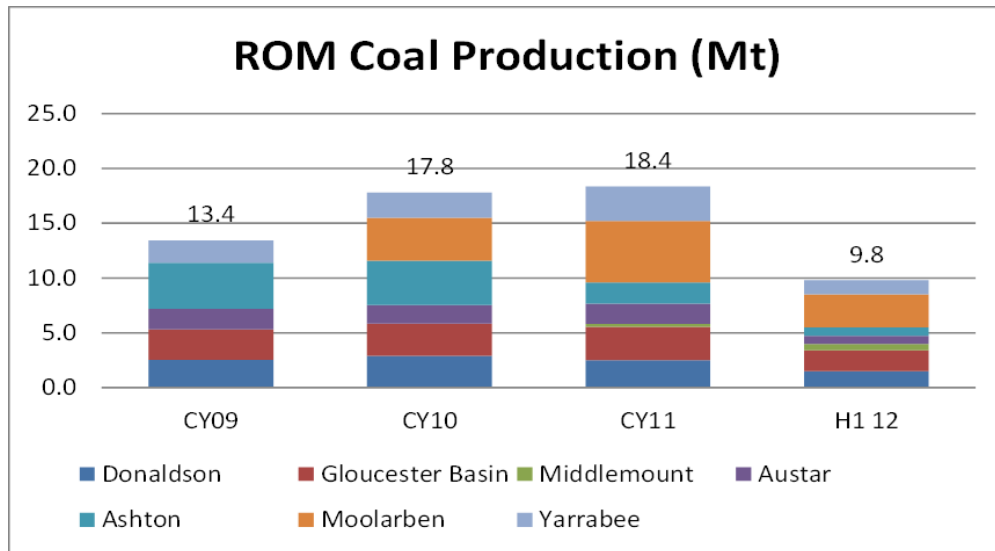


Business Results

- Operating

Half Year production

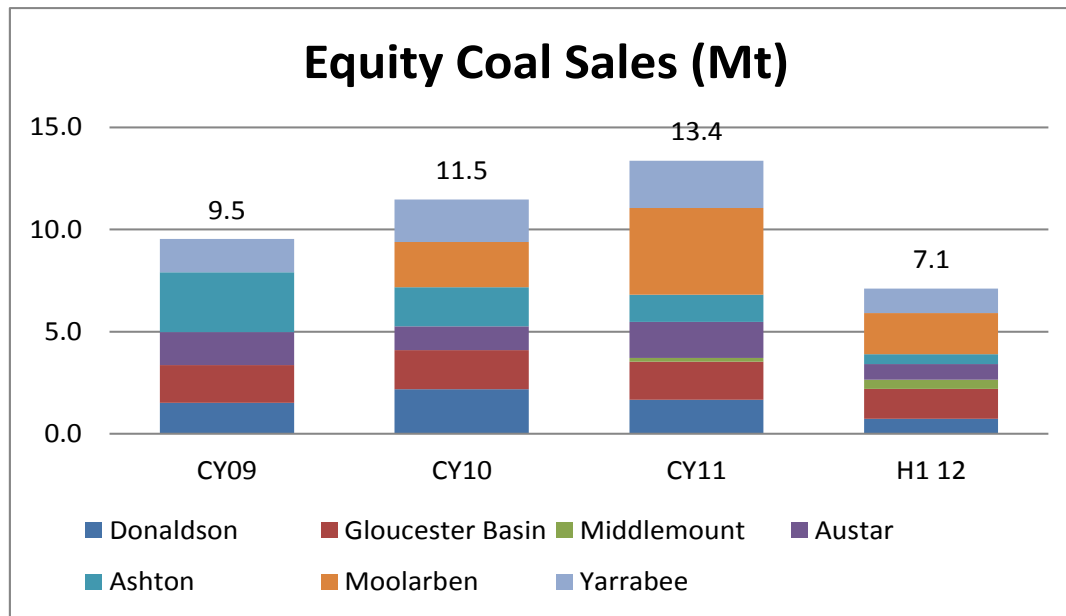
- Coal output in the half year by the merged company was 9.8 Mt ROM coal (equity share), 31% higher than in the previous corresponding period and on target to exceed the previous full year output
- Saleable production (equity share) was 6.8Mt product coal



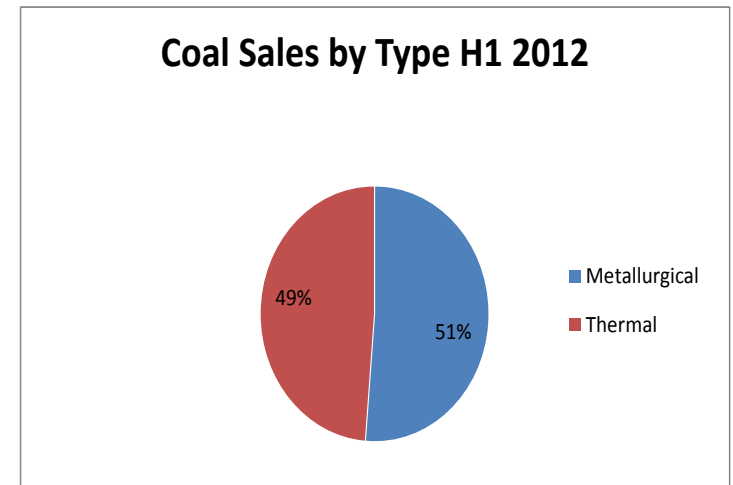
Note: Production from the Gloucester assets are shown for comparison purposes

Coal Sales

- Coal sales for the merged company (equity basis) were 7.1Mt for the half year
- Sales exceeded production despite weakening coal markets during the half
- Some metallurgical coal was sold at energy adjusted thermal coal prices with metallurgical coal sales representing 51% of total sales
- Coal sales prices for all types declined over the course of the half



Note: Sales from the Gloucester assets are shown for comparison purposes



Asset Profile

- **Seven operating mines**
- **Coal products – SHCC, SSCC, LV PCI, PCI, Thermal**
- **Operations in Queensland and New South Wales**
- **Resources 3,808Mt and Reserves 814Mt (100% basis)**
- **Infrastructure – 27% ownership of NCIG and 5.6% of Wiggins Island**
- **Port Allocation – 2012, 24.5Mt and long term 31Mt**

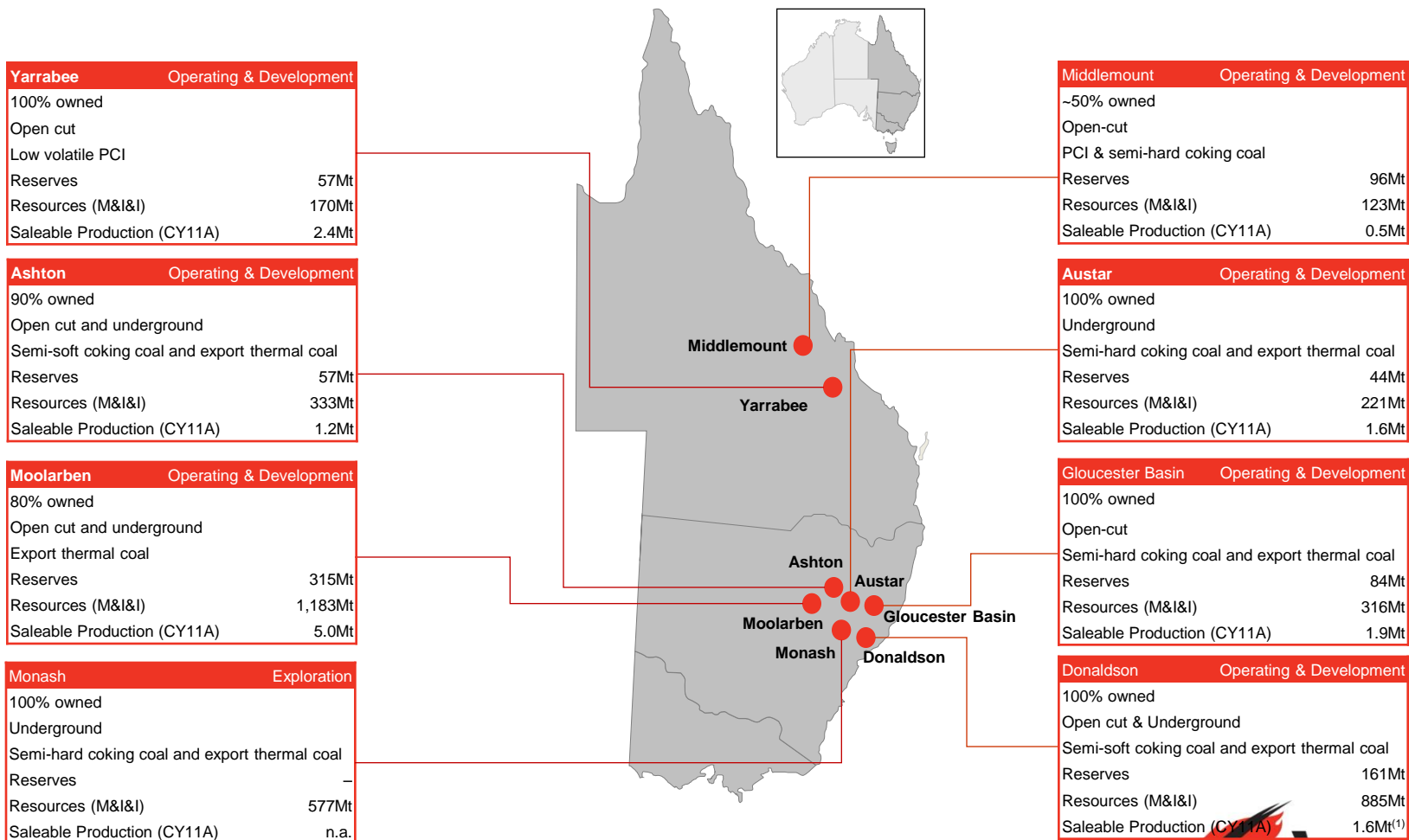
Note: All figures shown are on a 100% basis. Reserves and Resources figures shown are JORC compliant. Resources are Measured, Indicated and Inferred Resources. JORC Coal Reserves and Resources as set out in the Explanatory Booklet released by Gloucester Coal Ltd to the ASX on 30 April 2012 and released by Yancoal Australia Ltd to the ASX on 27 June 2012

Diverse assets and products positioned for growth



Overview of Yancoal Assets

Yancoal operates seven mines which are geographically spread across Queensland and New South Wales producing a range of products which are exported through several coal terminals in both States



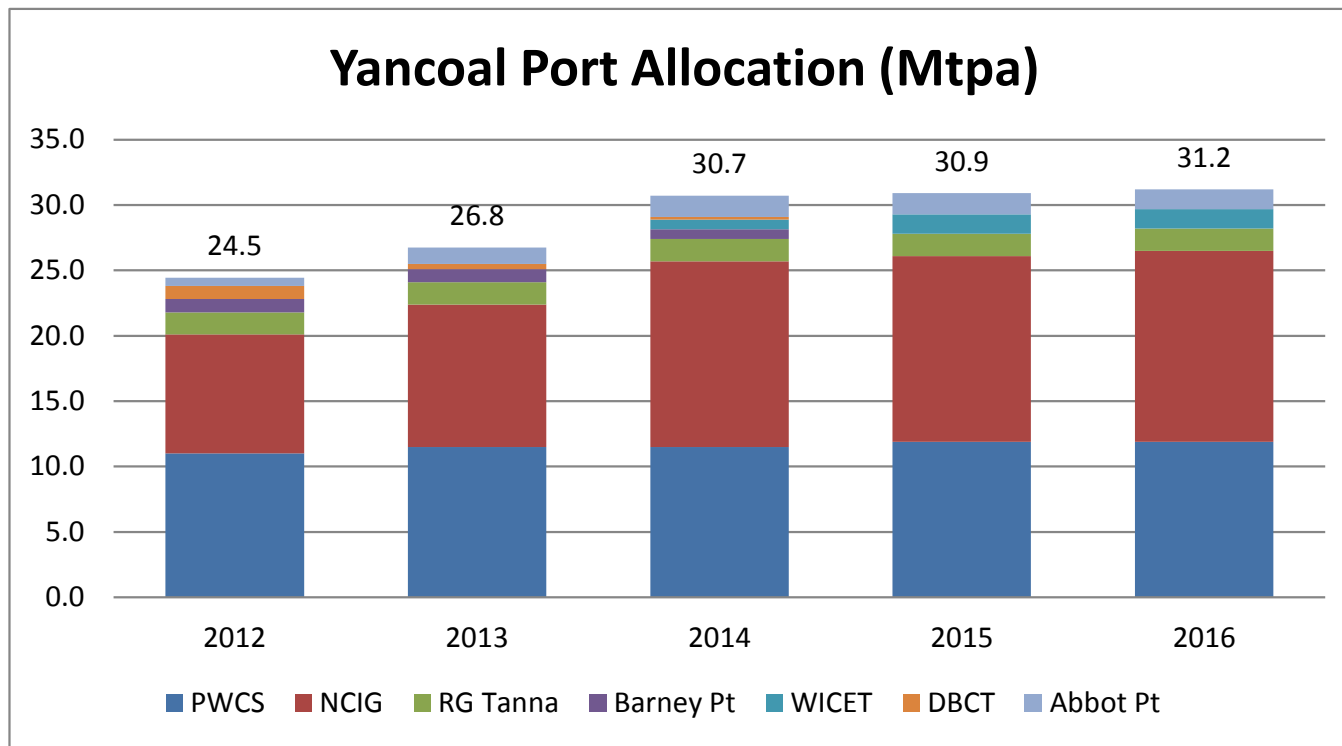
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(1)Note Donaldson production shown for CY11.



Infrastructure positioning

- Yancoal's is one of the best positioned coal mining companies in Australia with both port and rail allocation contracted or committed to grow in line with increasing coal output from its mines in Queensland and New South Wales



Notes:

- Data shown on an equity basis.
- These estimates are based on current contractual entitlements excluding PWCS T4 and assume that:
 - Current PWCS and NCIG expansion projects (excluding T4) will be completed on schedule.
 - In each of calendar years 2012 and 2013, 1.0Mtpa of *ad hoc* capacity through Barney Point Coal Terminal is able to be secured by Yarrabee;
 - Stage 1 of WICET is constructed and operational by calendar year 2014
- While PWCS T4 capacity remains allocated in 2015 and 2016, the information has been excluded from this chart. The Company notes that recent media reports indicate that the project may be delayed until 2017.

Note : Yancoal holds a 27% interest in NCIG and a 5.6% interest in the Wiggins Island Coal Export Terminal.

Infrastructure access underpins future growth



Mine operations & development

- Moolarben
 - Responded to the public submissions as part of the Stage 2 expansion approval process
 - Advanced work on the Stage 2 Definitive Feasibility Study (DFS) - open cut ROM coal output in Stage 2 is scheduled to increase from 8Mtpa to 13Mtpa
 - The DFS is due for completion at the end of Q3 2012
- Middlemount
 - The mine received the environmental approval from the State Government authorities to allow production to ramp up to 5.4Mtpa ROM
 - Middlemount made positive progress with its application under the Federal Environment Protection and Biodiversity Conservation Act (EPBC Act) to increase the footprint of the mine
 - First sales of coking coal were achieved during the half year
- Yarrabee
 - Commissioned a new mining fleet for the transition to owner operator
 - Progressed work on new site infrastructure and the Boonal haul road upgrade required for increased output when WICET becomes available in late 2014
- Gloucester Basin
 - Focussed on activities to reduce costs with 20 initiatives completed in the half

Growth options are being progressed



Mine operations & development

■ Donaldson

- The mine achieved several records during the half year - ROM production, ROM feed to the CHPP and saleable product
- An improvement programme using “LEAN” methodology designed to reduce costs and increase production began to show positive results

■ Austar

- Continued development activities for the Stage 3 area including the ventilation shafts and underground storage bin construction
- The Kitchener Shaft development required for the Stage 3 mining area is 90% complete with break through to the underground workings due in this half
- Completed a longwall move into the final panel of the Stage 2 mine

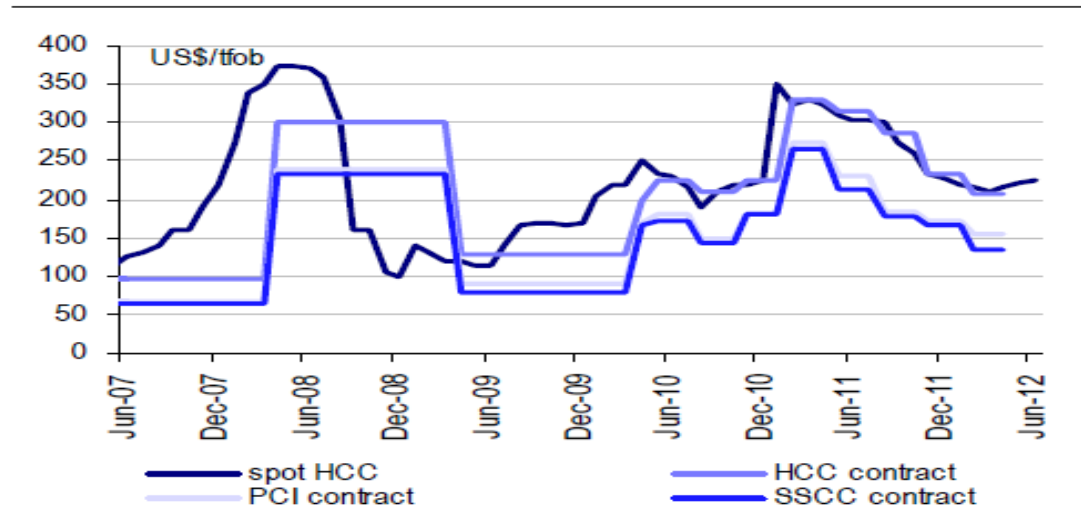
■ Ashton

- Successfully appealed the Planning Assessment Commission (PAC) original decision to refuse planning approval for the South East Open Cut Project, with the application being resubmitted back to the PAC for re-determination. The Department of Planning and Infrastructure has recommended to the PAC that the application be approved.
- Completed the western section of the Bowmans Creek diversion and made significant progress on the eastern diversion
- Relocating the longwall down to the Upper Liddell seam

Coal Market Review & Outlook

Metallurgical coal review & outlook

Metallurgical Coal Prices

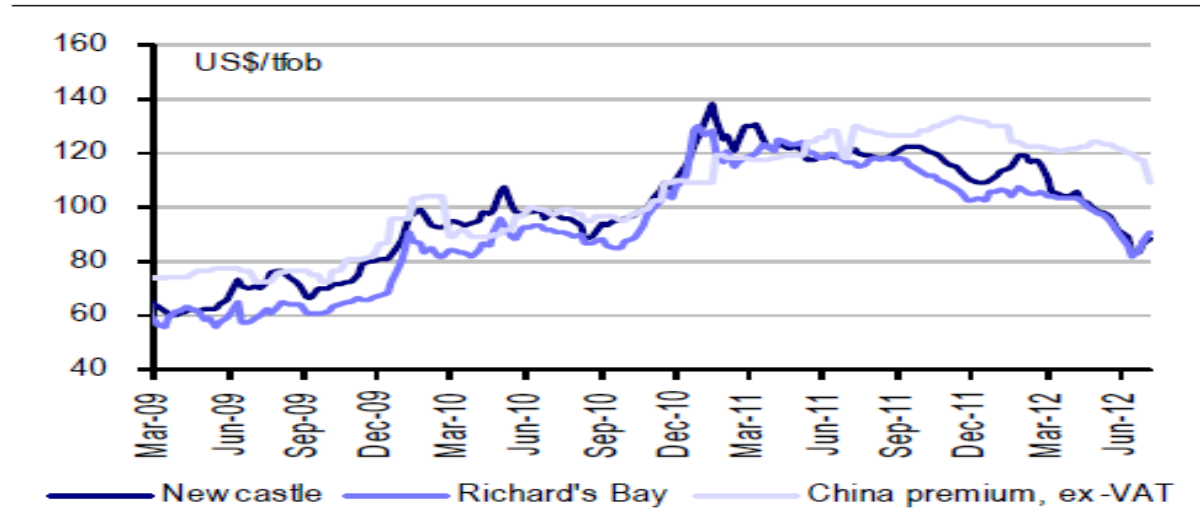


Source: CRU, UBS

- Metallurgical coal prices have been declining since mid 2011 as demand in several of the major consuming countries fell however prices firmed in Q2, 2012 when the BMA industrial dispute reduced supply to the market
- The current metallurgical coal prices especially in Australian dollar terms are back at levels last experienced in 2007
- In Q3 spot prices for all met coal types are weakening as resolution of the BMA industrial dispute is expected shortly, China has limited buying PCI and SSCC is weakening
- In the second half Yancoal expects the metallurgical coal prices to remain weak and volatile

Thermal coal review & outlook

Thermal Coal Prices



Source: Bloomberg, globalCOAL

- The thermal coal price fell during the first half as supply overwhelmed subdued economic activity in a number of regions across the world
- China cut coal output targets in some regions in order to ease a supply glut caused by slowing economic growth and the NDRC has set production output of 3.65Bt for 2012 only a modest (3.7%) increase on the previous year
- Indications of production cutbacks in a number of other countries (workers being laid off in Australia) has provided some short term stability in the price
- As excess stocks are consumed and production cuts take effect the thermal coal price should respond positively in the next year

Company Outlook

Outlook

- **Yancoal is considering all options to reduce costs**
- **Expansion plans across all mines will be reviewed and ranked to ensure that the appropriate capital expenditure discipline is maintained**
- **Resources will be invested to ensure that the synergies identified during the merger are captured as quickly as possible**
- **The balance sheet will be actively managed to improve business flexibility for the future**
- **Coal production and sales are scheduled to increase from the previous year**
- **Yancoal will continue to seek out new markets in the Asian region for all coal types produced by the company**
- **The company is confident of producing satisfactory returns to the shareholders**

Thankyou

