

11 December 2013

ASX Release:

ASX Release: Removal of Foreign Investment conditions

The Treasurer of the Commonwealth of Australia today announced the removal of the Foreign Investment sell-down conditions imposed on Yanzhou Coal Mining Company Limited (**Yanzhou**) in connection with the merger of Yancoal with Gloucester Coal Ltd in March 2012. These conditions required Yanzhou to:

- reduce its economic ownership of Yancoal from approximately 78% to below 70% by 31 December 2013
- reduce its interest in certain underlying assets acquired when Yancoal acquired Felix Resources in 2009 to no more than 50% by 31 December 2013
- reduce its ownership of Premier Coal Ltd, Syntech Holdings Pty Ltd and Syntech Holdings II Pty Ltd or their underlying assets from 100% to below 70% by 31 December 2014

The Treasurer's press release is attached to this announcement.

Yancoal's Independent Board Committee is engaging with Yanzhou in relation to the Treasurer's decision including in relation to the commitments provided by Yanzhou to the Treasurer and how this impacts upon Yanzhou's privatisation proposal in respect of Yancoal.

Additional information about the company can be found at www.yancoal.com.au

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THE HON JOE HOCKEY MP
TREASURER OF THE COMMONWEALTH OF AUSTRALIA



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Foreign investment decision

Today I announce my decision to remove certain foreign investment conditions placed on Yanzhou Coal Mining Company, a Chinese state owned enterprise, restricting its ownership of Yancoal Australia Limited.

These conditions required Yanzhou to reduce its ownership in Yancoal from 100 per cent to less than 70 per cent and its economic interest in Yancoal's former Felix Resources coal mining assets to less than 50 per cent by the end of December 2013; and to reduce its economic interest in the Syntech Resources and Premier Coal mines to less than 70 per cent by 31 December 2014.

The conditions imposed in 2009 also provided Yanzhou with the ability to seek the Treasurer's approval to vary these conditions if they were impacted by changes in economic conditions or other factors.

Since those conditions were imposed, significant challenges have emerged for the Australian coal industry, including slowing demand, declining coal prices and a number of mine closures.

To date, Yanzhou has made progress in meeting those conditions by reducing its stake in Yancoal to 78 per cent. It has sought my approval to have the conditions removed so it can maintain its existing stake.

In commitments provided to me, Yanzhou has undertaken to continue to support Yancoal's ongoing operations in Australia, thereby maintaining its position as a major regional employer.

So long as Yanzhou continues to own at least 51 per cent of the shares of Yancoal, Yanzhou will ensure Yancoal continues to operate so that it remains solvent. In addition, Yanzhou will extend its existing loans to Yancoal if required, and will support Yancoal's plans to expand the Moolarben open cut mine.

Yanzhou has previously considered options to seek 100 per cent ownership of Yancoal. While foreign investment proposals are considered on a case-by-case basis, the Government has no in-principle objection to 100 per cent foreign ownership of Australian companies where it is not contrary to the national interest and is open to any such proposals from Yanzhou in the future.



Portfolio Ministers

The Hon Joe Hockey MP (<http://jbh.ministers.treasury.gov.au/>)
The Hon Bruce Billson MP (<http://bfb.ministers.treasury.gov.au/>)
Senator the Hon Arthur Sinodinos AO (<http://axs.ministers.treasury.gov.au/>)
The Hon Steven Ciobo MP (<http://smc.ministers.treasury.gov.au/>)

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