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3 June 2014

ASX Release

Yancoal Australia Ltd is pleased to announce that it has today entered into an Executive Service Agreement with Mr Baocai Zhang as Co Vice Chairman of the Board of Directors and Chair of the Executive Committee that commences on the date Mr Zhang obtains an appropriate work visa that entitles him to work for Yancoal in Australia (**Commencement Date**).

Prior to this appointment, Mr Zhang has been a director and secretary of Yanzhou Coal Mining Company Limited since 2006, and deputy general manager of Yanzhou Coal since 2011.

Material terms of his employment are summarised in the next section below.

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Summary of material terms of employment agreement for Baocai Zhang, Co Vice Chairman of the Board of Directors and Chair of the Executive Committee and

This document provides a summary only of the material terms of Baocai Zhang's employment agreement with Yancoal Australia Ltd (**Company**) which will take effect on the Commencement Date.

1. Appointment

Appointment as Co Vice Chairman of the Board of Directors of the Company and Chair of the Executive Committee.

2. Term

Commences on the Commencement Date and has no fixed maximum term, subject to the termination provisions in the agreement.

3. Remuneration

a) Base Remuneration

The annual base remuneration is \$440,000 per annum (plus superannuation contributions as described below) (**FAR**), which will be reviewed annually. In addition, Mr Zhang will be entitled to receive a number of miscellaneous benefits such as directors' and officers' liability insurance, a car space and family medical insurance.

b) Sign-on bonus

Mr Zhang will receive a sign-on bonus equivalent to six months' FAR, less tax.

c) Short Term Incentive Plan (**STIP**)

Mr Zhang will be eligible to participate in the Company's discretionary short term incentive plan. His STIP opportunity will be 75% (target) to 126% (maximum) of FAR.

d) Long Term Incentive Plan (**LTIP**)

Mr Zhang will, subject to any required shareholder approval and regulatory consents, be eligible to participate in the Company's discretionary long term incentive plan. Until such time as the Company introduces a share-based LTIP, Mr Zhang will be entitled to an annual LTI (100% to 150% of FAR on terms to be determined by the Board), subject to the satisfactory performance of the Company and vesting restrictions as determined by the Board.

e) Superannuation

Mr Zhang is entitled to superannuation contributions made on his behalf equal to 9.25% (or any other rate as prescribed by the relevant legislation) of his annual base remuneration.

4. Termination

Mr Zhang may resign at any time on giving 3 months' notice. The Company may terminate Mr Zhang's employment on giving 6 months' notice.

The Company may end Mr Zhang's employment without notice if he engages in certain conduct detrimental to the Company.

5. Restrictive covenant

Mr Zhang is subject to a 3 month non-compete restriction after his employment ceases with the Company, where he is restricted, within Australia, from working for any company and providing services similar to the services he provided for the Company. Additionally, for 3 months after his employment ceases, Mr Zhang cannot solicit or approach any director or employee of the Company,

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or any client with whom he had work related dealings during the 6 months prior to the end of his employment.