

18 December 2014

ASX Release:

Second Supplementary Prospectus

Yancoal Australia Limited (**Yancoal**) advises that the attached Second Supplementary Prospectus dated 18 December 2014 has been lodged with ASIC today, in relation to Yancoal SCN Limited's pro rata renounceable offer of subordinated capital notes (**Subordinated Capital Notes**) (**Offer**).

The Second Supplementary Prospectus is to be read with the Prospectus dated 24 November 2014 and the First Supplementary Prospectus dated 12 December 2014.

Further to the Takeovers Panel's orders of 12 December 2014 (which allowed the Offer to proceed but constrained the conversion of Subordinated Capital Notes by Yanzhou Coal Mining Company Limited (**Yanzhou**) and its associates under certain circumstances), Yancoal notes Yanzhou has confirmed it remains committed to subscribe for its full pro rata share of Subordinated Capital Notes under the Offer in accordance with its subscription commitment letter dated 7 November 2014.

The Closing Date of the Offer for Eligible Shareholders remains 22 December 2014 and Completed Application Forms must be received by the Share Registry by no later than 5.00pm (Sydney time) on 22 December 2014.

Yancoal notes that other key dates as outlined in the First Supplementary Prospectus remain unchanged and are as follows:

Key Dates for the Offer	Date
Closing Date for the Offer for Eligible Shareholders	5.00pm, 22 December 2014
Shortfall Bookbuild	23 December 2014
Issue Date	31 December 2014
Subordinated Capital Notes expected to commence trading on ASX on a deferred settlement basis	2 January 2015
Holding Statements dispatched	6 January 2015
Subordinated Capital Notes expected to commence trading on ASX on a normal settlement basis	8 January 2015

The key dates for the Offer are indicative only and may change without notice. All references to time are Sydney time. The Issuer may vary the timetable, including by extending the Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases (but no later than 30 December 2014).

"Eligible Shareholder" is defined in the Prospectus as a registered holder of Yancoal Ordinary Shares shown on the Register at 7:00pm Sydney time on 28 November 2014 with an address in Australia subject to section 3.6 of the Prospectus.

Ends

Media and Investor Relations contact:

James Rickards
General Manager Investor Relations and Corporate Affairs
Yancoal Australia Limited
Phone: +61 2 8583 5922
Mobile: +61 419 731 371
Email: james.rickards@yancoal.com.au

The offering of securities in this release will only be open to investors that are in Australia or New Zealand (and institutional shareholders of Yancoal ("eligible institutional shareholders") in certain permitted jurisdictions where it is considered reasonable to make the offer having regard to the number of holders in the relevant jurisdiction, the number and value of securities they would be offered and the cost of complying with any relevant legal and regulatory requirements), and accordingly, this release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933) (except to eligible institutional shareholders in circumstances permitted under that Act).

Yancoal SCN Limited ACN 602 841 556

Second Supplementary prospectus

Important Information

This document is a second supplementary prospectus (**Second Supplementary Prospectus**). It supplements a prospectus dated 24 November 2014 issued by Yancoal SCN Limited ACN 602 841 556 (**Issuer**) offering subordinated perpetual convertible capital notes (**Subordinated Capital Notes**) (**Prospectus**) and a supplementary prospectus dated 12 December 2014 supplementing the Prospectus (**First Supplementary Prospectus**).

This Second Supplementary Prospectus must be read together with the Prospectus and the First Supplementary Prospectus. To the extent of any inconsistency between the Prospectus, the First Supplementary Prospectus and this Second Supplementary Prospectus, the terms of this Second Supplementary Prospectus will prevail. A term with a defined meaning in the Prospectus and the First Supplementary Prospectus has the same meaning in this Second Supplementary Prospectus, unless indicated or the context requires otherwise.

This Second Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 18 December 2014. Neither ASIC, the ASX nor the Consenting Parties, nor their respective officers, take any responsibility for the contents of this Second Supplementary Prospectus.

The Prospectus, the First Supplementary Prospectus and the Second Supplementary Prospectus are important and should all be read in their entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents of these documents.

Takeovers Panel proceedings

On 12 December 2014, in proceedings commenced by Senrigan Capital Management Ltd,¹ the Takeovers Panel made certain orders in relation to the Offer. These orders allowed the Offer to proceed but constrain the conversion of the Subordinated Capital Notes by Yanzhou and its associates under certain circumstances.

The orders are set out as follows:

- (a) subject to paragraph (b) below, the conversion by Yanzhou Coal Mining Company Limited (**Yanzhou**) and its associates of Subordinated Capital Notes may only proceed with the approval of Yancoal shareholders (being approval by at least 50% of the votes cast by members entitled to vote on the resolution) excluding Yanzhou and its associates; and
- (b) Yanzhou may from time to time, without shareholder approval, convert such number of Subordinated Capital Notes as would allow it to maintain (but not increase) the level of its voting power in Yancoal as of the date of the order (ie, approximately 78%).

Yanzhou subscription commitment

Yanzhou has confirmed to Yancoal and the Issuer that, notwithstanding the orders made by the Takeovers Panel, Yanzhou remains committed to subscribe for its full pro rata share of Subordinated Capital Notes under the Offer in accordance with its subscription commitment letter dated 7 November 2014.²

¹ See the Chairman's Letter and Sections 1.5.18 and 7.2.12 of the Prospectus.

² See Section 5.8.2(a) of the Prospectus.

Yanzhou obtained the necessary shareholder approval for it to subscribe for its full pro rata entitlement of Subordinated Capital Notes under the Offer at an extraordinary general meeting of its shareholders on 12 December 2014. Further, the Issuer understands that Yanzhou continues to expect to obtain all necessary regulatory approvals for the subscription.

Closing Date and Applications

The Closing Date of the Offer for Eligible Shareholders remains 22 December 2014. An Applicant wishing to apply for Subordinated Capital Notes should still use the Application Form for Subordinated Capital Notes that accompanied the Prospectus. Completed Application Forms must be received by the Share Registry by no later than 5.00pm (Sydney time) on 22 December 2014.

Other key dates as outlined in the First Supplementary Prospectus remain unchanged and are as follows:

Key Dates for the Offer	Date
Closing Date for the Offer for Eligible Shareholders	5.00pm, 22 December 2014
Shortfall Bookbuild	23 December 2014
Issue Date	31 December 2014
Subordinated Capital Notes expected to commence trading on ASX on a deferred settlement basis	2 January 2015
Holding Statements dispatched	6 January 2015
Subordinated Capital Notes expected to commence trading on ASX on a normal settlement basis	8 January 2015

The key dates for the Offer are indicative only and may change without notice. All references to time are Sydney time. The Issuer may vary the timetable, including by extending the Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases (but no later than 30 December 2014).


"Eligible Shareholders" is defined in the Prospectus as a registered holder of Yancoal Ordinary Shares shown on the Register at 7:00pm Sydney time on 28 November 2014 with an address in Australia subject to section 3.6 of the Prospectus.

Approval of Second Supplementary Prospectus

This Second Supplementary Prospectus is issued by the Issuer and its issue has been authorised by a resolution of the Directors of the Issuer.

Signed for and on behalf of Yancoal SCN Limited

date 18/12/2014

sign here ► 
Director/Company secretary

print name Ling ZHANG