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ASX Release:

HKEX - Continuing Connected Transactions

Authorised for lodgement by the Board of Yancoal Australia

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Yancoal Australia Ltd
ACN 111 859 119

兗煤澳大利亞有限公司*

(Incorporated in Victoria, Australia with limited liability)

(Hong Kong stock code: 3668)

(Australian Stock Code: YAL)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to (i) the continuing connected transactions entered into by the Company and disclosed in the Connected Transactions section of the prospectus issued by the Company on 26 November 2018 (the “**Prospectus**”); (ii) the announcement of the Company dated 20 December 2023 in relation to, among others, (a) the use of overall bank guarantee facilities under the financing facilities entered or to be entered into by the Group by Premier Coal and/or its subsidiaries during the year ending 31 December 2024 under the Premier Coal Framework Bank Guarantee Agreement and (b) the use of overall bank guarantee facilities under the financing facilities entered or to be entered into by the Group by the Australian Entities and/or its subsidiaries during the three years ending 31 December 2024, 2025 and 2026 under the Australian Entities Framework Bank Guarantee Agreement; and (iii) the announcement of the Company dated 22 December 2023 in relation to, among others, the provision of management services by the Group to the Recipients during the year ending 31 December 2024 under the Management and Transitional Services Agreement.

As the Company expects to continue to carry on the relevant continuing connected transactions after the end of 2024, on 18 December 2024, the Company entered into the relevant agreements and/or set annual caps (as the case may be) for the continuing connected transactions as set out in this announcement.

A. INTRODUCTION

On 18 December 2024, the Company:

- (1) entered into a new framework bank guarantee agreement for the use of overall bank guarantee facilities under the financing facilities entered or to be entered into by the Group by Premier Coal and/or its subsidiaries pursuant to the Premier Coal Framework Bank Guarantee Agreement;
- (2) entered into a deed of variation with the Recipients to amend the Management and Transitional Services Agreement and set the annual caps for the provision of management services by the Group to the Recipients pursuant to the Management and Transitional Services Agreement for the three years ending 31 December 2025, 2026 and 2027;
- (3) entered into a management services agreement for the provision of management services by the Group to the Shandong Energy Recipients pursuant to the Shandong Energy Management Services Agreement; and

- (4) entered into a deed of variation with the Australian Entities to amend the Australian Entities Framework Bank Guarantee Agreement.

B. MATERIAL TERMS OF THE CONTINUING CONNECTED TRANSACTIONS

(1) The New Premier Coal Framework Bank Guarantee Agreement

The Company and Premier Coal Holdings Pty Ltd ("**Premier Coal**") entered into a framework bank guarantee agreement (the "**Premier Coal Framework Bank Guarantee Agreement**") on 20 December 2023, pursuant to which Premier Coal and/or its subsidiaries may use overall bank guarantee facilities under the financing facilities entered or to be entered into by the Group, and pay the Company bank guarantee fees, which are equal to the bank guarantee fees to be paid by the Group to the relevant financiers plus a 5% margin within 20 Business Days after the payment by the Company. The term of the Premier Coal Framework Bank Guarantee Agreement is for a period of one year commencing on 1 January 2024 and expiring on 31 December 2024.

On 18 December 2024, the Company entered into a new framework bank guarantee agreement (the "**New Premier Coal Framework Bank Guarantee Agreement**") with Premier Coal for a further term of one year commencing on 1 January 2025 and expiring on 31 December 2025 and set the annual cap for the year ending 31 December 2025 for the transactions thereunder.

Subject Matter

The New Premier Coal Framework Bank Guarantee Agreement provides that all transactions in relation to the use of bank guarantees by Premier Coal and/or its subsidiaries must be (i) on an arm's length basis, (ii) on normal commercial terms with bank guarantee fees to be paid by Premier Coal and/or its subsidiaries to the Company equal to the bank guarantee fees to be paid by the Group to the relevant financiers plus a 8.25% margin within 20 Business Days after the payment by the Group, and (iii) in compliance with, amongst other things, the Listing Rules and applicable laws.

Historical Amounts and Annual Caps

The aggregate maximum daily outstanding principal amount and the bank guarantee fees received under the credit support documents issued by the relevant financiers in favour of Premier Coal and/or its subsidiaries for the two years ended 31 December 2022, 2023 and the nine months ended 30 September 2024 were approximately A\$29 million, A\$29 million and A\$29 million respectively.

The aggregate maximum daily outstanding principal and the bank guarantee fees to be received under the credit support documents issued by the financiers in favour of Premier Coal and/or its subsidiaries pursuant to the New Premier Coal Framework Bank Guarantee Agreement from 1 January 2025 to 31 December 2025 will not exceed A\$35 million.

The above annual cap was calculated by reference to the historical transaction amounts as well as the expected future demand for bank support documents by Premier Coal and/or its subsidiaries.

Reasons for, and Benefit of, the New Premier Coal Framework Bank Guarantee Agreement

As set out in the Prospectus, the Company manages certain mines, which are located in Australia on behalf of Premier Coal and/or its subsidiaries. In the ordinary and usual course of business, Premier Coal and/or its subsidiaries holding the managed mines may require credit support documents issued by commercial banks or other financiers for their respective business operations. Given the relevant commercial banks or other financiers can issue credit support documents pursuant to existing facility agreements generally within 5 Business Days after receiving a request, which is a much shorter period of time and simpler process as compared to those required by other financiers to issue credit support documents without an existing facility agreement and the relationship between the Company and the managed mines, as an integral part of the management services rendered by the Company in support of the operation of the managed mines, Premier Coal and/or its subsidiaries holding the managed mines

will use the overall bank guarantee facilities under the financing facilities entered or to be entered into by the Group and pay the Company bank guarantee fees.

Having considered the reasons set out above and that the Company also receives management fees from Premier Coal and/or its subsidiaries in relation to the managed mines, the Company considers that the using of the overall bank guarantee facilities by Premier Coal and/or its subsidiaries holding managed mines under the New Premier Coal Framework Bank Guarantee Agreement is in the interest of the Company and the Shareholders as a whole.

Listing Rules Implications

As at the date of this announcement, Yankuang Energy is a controlling shareholder of the Company, holding approximately 62.26% of the total issued shares of the Company and Premier Coal is a wholly-owned subsidiary of Yankuang Energy. Accordingly, Premier Coal is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the use of bank guarantees under the financing facilities entered into by the Group by Premier Coal and/or its subsidiaries constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 20 December 2023 in relation to, among others, the framework bank guarantee agreement (the **"Australian Entities Framework Bank Guarantee Agreement"**) entered into between the Company and the Australian Entities for a term of three years commencing on 1 January 2024 and expiring on 31 December 2026. Each of the Australian Entities is a wholly-owned subsidiary of Yankuang Energy, as is Premier Coal. As the New Premier Coal Framework Bank Guarantee Agreement and the Australian Entities Framework Bank Guarantee Agreement were entered into by the Company with parties who are connected with one another, the transactions contemplated under the New Premier Coal Framework Bank Guarantee Agreement and the Australian Entities Framework Bank Guarantee Agreement are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate annual caps for the continuing connected transactions under the New Premier Coal Framework Bank Guarantee Agreement and the Australian Entities Framework Bank Guarantee Agreement (being A\$95 million) is more than 0.1% but less than 5%, such continuing connected transactions will be subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(2) Management Services Agreements

As disclosed in the Prospectus, as one of the conditions imposed by the Foreign Investment Review Board of the Australian Government in relation to the merger of the Company with Gloucester Coal Ltd in 2012, a management and transitional services agreement (the **"Management and Transitional Services Agreement"**) was entered into between the Company and the Existing Recipients (as amended), pursuant to which the Company has agreed to provide to the Recipients the services in respect of the assets owned by the Recipients. The Management and Transitional Services Agreement shall continue in force and effect until the services thereunder are terminated in accordance with the terms of the Management and Transitional Services Agreement.

On 18 December 2024, the Company and the Recipients entered into a deed of variation to the Management and Transitional Services Agreement, pursuant to which the service charges for provisions of the services under the Management and Transitional Services Agreement were amended to cost plus a margin, being the mid-point, on a post-tax and real basis, of the internal weighted average cost of capital of the Company as at 30 June immediately prior to setting of annual caps (which will be 8.25% for the three years ending 31 December 2025, 2026 and 2027), except for any third party charges attributable to the provision of the relevant services which will be charged at cost. The Board also resolved to set the annual caps for the three years ending 31 December 2025, 2026 and 2027 for the transactions under the Management and Transitional Services Agreement. All other existing terms of the Management and Transitional Services Agreement remain unchanged.

On 18 December 2024, the Company entered into a management services agreement (the “**Shandong Energy Management Services Agreement**”, together with the Management and Transitional Services Agreement, the “**Management Services Agreements**”) with the Shandong Energy Recipients for a term of three years commencing on 1 January 2025 and expiring on 31 December 2027, pursuant to which the Company has agreed to provide to the Shandong Energy Recipients the services in respect of the assets owned by the Shandong Energy Recipients, and set the annual caps for the three years ending 31 December 2025, 2026 and 2027 for the transactions thereunder. The terms of the Management and Transitional Services Agreement and the Shandong Energy Management Services Agreement are similar.

Subject Matter

The services provided to each of the Recipients and their respective subsidiaries under the Management and Transitional Services Agreement and each of the Shandong Energy Recipients and their respective subsidiaries under the Shandong Energy Management Services Agreement include (i) general corporate services, which comprise HR services, treasury services, financial accounting/reporting services, compliance services, marketing and logistic services, corporate communications services, government and industry relations services, business development services and other general corporate services, (ii) operations services, which comprise carrying out exploration programs, preparing business plans, monitoring and reporting on environmental issues, using all reasonable endeavours to meet business KPIs, preparing plans of operations as may be required by laws and other operational services and (iii) IT services, which comprise the granting of the permission to use the Company’s hardware or software and the provision of IT support services (the “**Services**”).

Basis of Consideration

The fees charged for the provision of the Services under the Management and Transitional Services Agreement and the Shandong Energy Management Services Agreement will be at cost plus a margin, being the mid-point, on a post-tax and real basis, of the internal weighted average cost of capital of the Company as at 30 June immediately prior to setting of annual caps (which will be 8.25% for the three years ending 31 December 2025, 2026 and 2027), except for any third party charges attributable to the provision of the relevant services which will be charged at cost. The cost base upon which the margin is to be applied is to be determined on the basis of management’s reasonable estimate of such costs at the commencement of each calendar year having regard to certain principles, including (i) in respect of coal-mining operations, the total budgeted corporate administration costs of the Company and the budgeted proportion of overall product tonnes of the relevant mining operation, (ii) in respect of non-coal mining businesses, the estimated management hours and the hourly rate for such work and (iii) in respect of disbursement, full recovery of any hard disbursements incurred by the Company.

At the end of each financial year (or such other times as the parties may agree), the parties will undertake a reconciliation of the fees charged during that financial year against the actual cost and services provided. The Company will refund the excess charges, or the Recipients or the Shandong Energy Recipients will pay the shortfall charges to the Company, in each case, within 14 days of determination of the fee adjustment required.

Historical Amounts and Annual Caps

The fees charged in aggregate by the Group to the Recipient and the Shandong Energy Recipients for the two years ended 31 December 2022, 2023 and the nine months ended 30 September 2024 were approximately A\$11.7 million, A\$16.9 million and A\$10.3 million, respectively.

(i) Management and Transitional Services Agreement

The annual transaction amount to be charged by the Group to the Recipients under the Management and Transitional Services Agreement for each of the years ending 31 December 2025, 2026 and 2027 will not exceed A\$18.5 million.

(ii) Shandong Energy Management Services Agreement

The annual transaction amount to be charged by the Group to the Shandong Energy Recipients under the Shandong Energy Management Services Agreement for each of the years ending 31 December 2025, 2026 and 2027 will not exceed A\$1.5 million.

The above annual caps were calculated by reference to (i) the historical transaction amounts, (ii) the expected increase in the administration costs and hourly rates which are consistent with the expected increase in market rates and (iii) the expected demand for services by the Shandong Energy Recipients during the years of 2025, 2026 and 2027.

Reasons for, and Benefits of, the Management Services Agreements

Considering (i) the reason for entering into the Management and Transitional Services Agreement, which was a condition imposed by the Foreign Investment Review Board of the Australian Government in relation to the strategic merger with Gloucester Coal Ltd by the Company, following the completion of which, the shares of the Company began to trade on the ASX, (ii) the types of services to be provided and (iii) the fees to be charged by the Company, the Company considers the provision of the Services pursuant to the Management Services Agreements is in the best interest of the Company and its shareholders as a whole.

Having considered the increased fees to be received by the Company following the amendments to the basis of charging the fees for the provision of the Services pursuant to the deed of variation to the Management and Transitional Services Agreement, the Company considers that such amendments are in the interest of the Company and the Shareholders as a whole.

Listing Rules Implications

As at the date of this announcement, (i) Yankuang Energy is a controlling shareholder of the Company, holding approximately 62.26% of the total issued shares of the Company, (ii) Shandong Energy is the controlling company of Yankuang Energy, holding approximately 52.83% of the total share capital of Yankuang Energy, and (iii) the Recipients (other than Yankuang Energy) and the Shandong Energy Recipients (other than Shandong Energy) are indirect subsidiaries of Shandong Energy. Accordingly, the Recipients and the Shandong Energy Recipients are connected persons of the Company by virtue of being a substantial shareholder of the Company or associates of the Company's connected person, and the transactions contemplated under the Management Services Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Management and Transitional Services Agreement and the Shandong Energy Management Services Agreement were entered into by the Company with parties who are connected with one another, the transactions contemplated under the Management and Transitional Services Agreement and the Shandong Energy Management Services Agreement are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate caps for the continuing connected transactions under the Management Services Agreements (being A\$20 million) is more than 0.1% but less than 5%, such continuing connected transactions will be subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(3) Amendment of the Australian Entities Framework Bank Guarantee Agreement

The Company and the Australian Entities entered into the Australian Entities Framework Bank Guarantee Agreement on 20 December 2023, pursuant to which the Australian Entities and/or their subsidiaries may use overall bank guarantee facilities under the financing facilities entered or to be entered into by the Group, and pay the Company bank guarantee fees, which are equal to the bank guarantee fees to be paid by the Group to the relevant financiers plus a 5% margin within 20 Business Days after the payment by the Company. The term of the Australian Entities Framework Bank

Guarantee Agreement is for a period of three years commencing on 1 January 2024 and expiring on 31 December 2026.

On 18 December 2024, the Company and the Australian Entities entered into a deed of variation to the Australian Entities Framework Bank Guarantee Agreement, pursuant to which the bank guarantee fees is amended to be the bank guarantee fees to be paid by the Group to the relevant financiers plus a margin, being the mid-point, on a post-tax and real basis, of the internal weighted average cost of capital of the Company as at 30 June immediately prior to entry into or renewal of the Australian Entities Framework Bank Guarantee Agreement (which will be 8.25% for the two years ending 31 December 2025 and 2026). All other existing terms of the Australian Entities Framework Bank Guarantee Agreement remain unchanged.

Reasons for, and Benefits of, the Amendment of the Australian Entities Framework Bank Guarantee Agreement

Having considered the increased fees to be received by the Company following the amendments to the bank guarantee fees pursuant to the deed of variation to the Australian Entities Framework Bank Guarantee Agreement, the Company considers that the amendment of the Australian Entities Framework Bank Guarantee Agreement is in the interest of the Company and the Shareholders as a whole.

C. DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that:

- the terms of the continuing connected transaction agreements as set out in this announcement, including the relevant annual caps thereunder, are fair and reasonable;
- the transactions under the continuing connected transaction agreements as set out in this announcement, other than in respect to the New Premier Coal Framework Bank Guarantee Agreement and the Australian Entities Framework Bank Guarantee Agreement, are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and its shareholders as a whole; and
- the transactions under the New Premier Coal Framework Bank Guarantee Agreement and the Australian Entities Framework Bank Guarantee Agreement, although not in the ordinary and usual course of business of the Group, are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

With respect to the New Premier Coal Framework Bank Guarantee Agreement, the Management Services Agreements and the Australian Entities Framework Bank Guarantee Agreement, Mr. Gang Ru, Mr. Xiaolong Huang and Mr. Ning Yue have declared that they hold certain positions in Yankuang Energy or Shandong Energy. However, the articles of association of the Company does not preclude such Directors from voting. Accordingly, none of the Directors abstained from voting on the relevant resolutions of the Board approving the transactions under the continuing connected transaction agreements as set out in this announcement, including the relevant annual caps thereunder (where applicable).

D. INFORMATION IN RELATION TO THE COMPANY AND THE PARTIES

(i) The Company

The Company's principal business activity is the production of thermal and metallurgical coal for use in the power generation and steel industries in Asian markets. The shares of the Company have been listed on the Australian Securities Exchange and the Hong Kong Stock Exchange since 2012 and 2018, respectively.

(ii) Yankuang Energy, Premier Coal and the Australian Entities

The Australian Entities and Premier Coal are wholly-owned subsidiaries of Yankuang Energy incorporated in Australia.

Yankuang Energy is principally engaged in the business of mining, high-end chemicals and new materials, new energy, high-end equipment manufacturing, and intelligent logistics. Yankuang Energy's main products are steam coal for use in large-scale power plants, coking coal for metallurgical production, prime quality low sulphur coal for use in pulverized coal injection and chemical products methanol, acetic acid etc. The H Shares and A Shares of Yankuang Energy are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. Shandong Energy is the controlling shareholder of Yankuang Energy.

(iii) Shandong Energy, the Recipients and the Shandong Energy Recipients

Each of the Recipients (other than Yankuang Energy) and the Shandong Energy Recipients (other than Shandong Energy) is an indirect subsidiary of Shandong Energy.

Shandong Energy is a capital investment company with exposure to coal, coal chemicals, aluminium, power generation, machinery manufacturing and financial investments.

E. DEFINITIONS

“Australian Entities”	Athena Holdings Pty Ltd, Tonford Holdings Pty Ltd, Wilpeena Holdings Pty Ltd and Yancoal Energy Pty Ltd
“Board”	the board of Directors of the Company
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“Company”	Yancoal Australia Ltd, a company incorporated under the laws of Australia with limited liability, whose ordinary shares are listed on The Australian Securities Exchange and The Stock Exchange of Hong Kong Limited
“Director”	a director of the Company
“Existing Recipients”	collectively, (i) Yankuang Energy; (ii) Yancoal Technology Development Holdings Pty Ltd; (iii) Premier Coal Holdings Pty Ltd; (iv) Athena Holdings Pty Ltd; (v) Tonford Holdings Pty Ltd; (vi) Wilpeena Holdings Pty Ltd; and (vii) Yancoal Energy Pty Ltd
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Recipients”	collectively, (i) the Existing Recipients; and (ii) Yankuang (Australia) Metal Mining Pty Ltd
“Shandong Energy”	Shandong Energy Group Company Limited* (山東能源集團有限公司), a company with limited liability reformed and established under the laws of the PRC on 12 March 1996, the controlling shareholder of Yankuang Energy and the ultimate controlling shareholder of the Company
“Shandong Energy Recipients”	collectively, (i) Shandong Energy Australia Pty Ltd, (ii) Queensland Coal Exploration Pty Ltd, (iii) Rocklands Richfield Pty Ltd, (iv) HLM Coal Australia Pty Ltd, (v) Yankuang Resources Pty Ltd, and (vi) Yankuang Bauxite Resources Pty Ltd

“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares in the share capital of the Company
“Yankuang Energy”	Yankuang Energy Group Co. Limited* (兗礦能源集團股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Yankuang Energy Group”	Yankuang Energy and its subsidiaries (excluding the Group)

By order of the Board
Yancoal Australia Ltd
Gang RU
Chairman

Hong Kong, 18 December 2024

As of the date of this announcement, the executive Director is Mr. Ning Yue, the non-executive Directors are Mr. Gang Ru, Mr. Xiaolong Huang and Mr. Changyi Zhang and the independent non-executive Directors are Mr. Gregory James Fletcher, Ms. Debra Anne Bakker and Mr. Peter Andrew Smith.