
Entitlement Offer Booklet

Yancoal Australia Ltd
ABN 82 111 859 119

Details of a 0.05387 for 1 accelerated pro-rata renounceable Retail Entitlement Offer of New Shares at a price of HK\$23.48 per New Share (but payable in Australian dollars or United States dollars)

The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Tuesday, 18 December 2018 (unless extended). Valid applications must be received before that time.

This document is dated 29 November 2018.

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THIS IS AN IMPORTANT DOCUMENT WHICH IS ACCOMPANIED BY A PERSONALISED ENTITLEMENT AND ACCEPTANCE FORM AND BOTH SHOULD BE READ IN THEIR ENTIRETY. PLEASE CALL YOUR STOCKBROKER, ACCOUNTANT, FINANCIAL ADVISER, TAXATION ADVISER OR OTHER INDEPENDENT PROFESSIONAL ADVISER OR THE COMPANY OFFER INFORMATION LINE IF YOU HAVE ANY QUESTIONS.

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Important notices

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This booklet is dated 29 November 2018 and relates to the Retail Entitlement Offer. Capitalised terms in this section have the meaning given to them in Section 7 (*Glossary*) of this booklet. This booklet has been issued by Yancoal Australia Ltd (ABN 82 111 859 119) (**Yancoal** or the **Company**). References to “this booklet” include the selected extracts of the HK Prospectus, which are included in **Annexure A** of this booklet. The HK Prospectus was registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) on 23 November 2018.

No cooling-off rights apply to the Retail Entitlement Offer. Accordingly, you cannot withdraw your application once it has been accepted by the Company.

This booklet (and the HK Prospectus) is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other Australian law) and has not been lodged with ASIC.

This booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares.

The Entitlement Offer is being made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*), which allows entitlement offers to be made by providing certain confirmations to the market. As a result, it is important for Eligible Shareholders to read and understand the information on the Group and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement or applying for Additional New Shares. In particular, please refer to the information in this booklet, the Group's annual and half-year reports and other announcements made available at www.yancoal.com.au or www.asx.com.au.

Future performance and forward looking statements

This booklet contains certain 'forward-looking statements'. Forward-looking statements include those containing words such as: 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions. Any forward-looking statements, opinions and estimates provided in this booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Group and the Directors, including the risks and uncertainties described in the “*Risk Factors*” section of the HK Prospectus (which section is included in **Annexure A**). This includes any statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements may include indications, projections, forecasts and guidance on sales, earnings, dividends and other estimates. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of the Group's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the Group's and its Directors' control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statements may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and, except as required by law or regulation, the Company assumes no obligation to update these forward-looking statements. To the maximum extent permitted by law, the Company and its Directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward-looking statements or any event or results expressed or

implied in any forward-looking statements; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

No overseas offering

The information in this booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia or New Zealand and the jurisdictions contemplated in the 'Selling Restrictions' contained in Section 6.7 of this booklet.

United States disclaimer

This booklet and any material accompanying it may not be released or distributed in the United States. This booklet and any material accompanying it does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Entitlements, New Shares and Additional New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended) (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States and the New Shares (or additional New Shares, as the case may be) may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The New Shares and Additional New Shares to be offered and sold to Eligible Shareholders will only be sold in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S thereunder.

General disclaimer

This booklet is not financial product or investment advice nor a recommendation to acquire New Shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

The Company is not licensed to provide financial product advice in respect of New Shares.

Risks

An investment in New Shares and Additional New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. In considering an investment in New Shares and Additional New Shares, investors should have regard to (among other things) the risks and disclaimers described in the "*Risk Factors*" section of the HK Prospectus (which section is included in **Annexure A**).

Key dates for the Entitlement Offer

Event	Date
Request for Trading Halt (for duration of institutional bookbuild and pricing and allocations determination period under the Hong Kong Public Offering, and for Day 0 of the Entitlement Offer)	Thursday, 29 November 2018
Announcement of the Entitlement Offer (includes release of the Appendix 3B, Cleansing Notice under s 708AA of the Corporations Act and the draft Retail Offer Booklet)	Thursday, 29 November 2018 (after market close)
Day 0 of the Entitlement Offer	Friday, 30 November 2018
Institutional Entitlement Offer closes	Friday, 30 November 2018
Trading Halt lifted	Tuesday, 4 December 2018 (before market opens for trading)
Record Date for eligibility for the Entitlement Offer	7.00pm, Tuesday, 4 December 2018
Settlement of Global Offering, issue of Shares under the Global Offering and commencement of trading of Global Offering Shares on the HKEx (the Listing Date)	Thursday, 6 December 2018
Settlement of Institutional Entitlement Offer and issue of New Shares under the Institutional Entitlement Offer	Thursday, 6 December 2018
Commencement of market stabilisation on HKEx	Thursday, 6 December 2018
Quotation of New Shares issued under the Institutional Entitlement Offer	Friday, 7 December 2018
Retail Entitlement Offer opens	Friday, 7 December 2018
Retail Offer Booklet and Entitlement and Acceptance Form despatched / Dispatch of letter to Ineligible Shareholders	Friday, 7 December 2018
Retail Entitlement Offer closes	5.00pm, Tuesday, 18 December 2018
Announcement of the results of the Retail Entitlement Offer	Thursday, 20 December 2018
Retail Bookbuild	Friday, 21 December 2018
Settlement of Retail Entitlement Offer	Thursday, 27 December 2018
Issue of New Shares under the Retail Entitlement Offer	Friday, 28 December 2018

Event	Date
Last day for exercise of the Over-Allotment Option and end of market stabilisation on HKEx	Saturday, 29 December 2018
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Monday, 31 December 2018
Despatch of holding statements for New Shares and Additional New Shares issued under the Retail Entitlement Offer and payment of Retail Premium (if any)	Wednesday, 2 January 2019

Dates and times in this booklet are indicative only and may be subject to change. All times and dates refer to Sydney, Australia time.

The Company reserves the right, subject to the Corporations Act, ASX and HKEx Listing Rules and other applicable laws, to amend any or all of these dates and times without prior notice, including extending the closing date for the Retail Entitlement Offer or accepting late Applications, either generally or in particular cases, or to withdraw the Retail Entitlement Offer for any reason without prior notice.

Applicants are encouraged to submit their personalised Entitlement and Acceptance Form as soon as possible. No cooling-off rights apply to Applications submitted under the Retail Entitlement Offer. The commencement of quotation of New Shares and Additional New Shares is subject to confirmation from ASX.

Enquiries

Before making a decision about investing in the Retail Entitlement Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs.

If you have any questions on how to:

- (a) complete the personalised Entitlement and Acceptance Form accompanying this booklet which Eligible Shareholders may use to apply for New Shares and Additional New Shares; or
- (b) take up your Entitlement either in full or in part; or
- (c) transfer all or part of your Entitlement directly to a third party; or
- (d) take up your Entitlement in full and apply for Additional New Shares,

please call the Company's Offer Information Line between 9:00am and 5:00pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer period:

- within Australia: 1300 855 080
- outside Australia: +61 3 9415 4000

If you have lost your personalised Entitlement and Acceptance Form and would like a replacement form, please call the applicable number above.

Website

To view annual and half-year reports, shareholder information and announcements visit the Company's website at www.yancoal.com.au. For information about the Group, background information on the Group's operations and historical information, please refer to the HK Prospectus (a copy of which is available on the ASX company announcements platform for Yancoal at www.asx.com.au).

Letter from the Chairman

29 November 2018

Dear Eligible Shareholder,

On behalf of Yancoal, I am pleased to invite you to participate in a 0.05387 for 1 accelerated pro-rata renounceable entitlement offer of new ordinary shares in Yancoal (**New Shares**) at an offer price of HK\$23.48 per New Share (**Offer Price**) to raise gross proceeds of approximately HK\$1.589 billion (**Entitlement Offer**) which will be payable by participants in the Entitlement Offer in either Australian dollars or United States dollars.

The Entitlement Offer comprises an institutional accelerated component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

This information booklet relates to the Retail Entitlement Offer.

Details of the Global Offering and listing on HKEx

The Entitlement Offer is being undertaken by the Company at or around the time of the Global Offering and is designed to allow all of Yancoal's Eligible Shareholders to maintain, so far as practicable, their pro-rata shareholding interests in Yancoal.

As previously announced, Yancoal is undertaking, in connection with the dual primary listing of its shares on the Main Board of the Stock Exchange of Hong Kong (**HKEx**), a Global Offering of initially 59,441,900 Shares at the offer price of HK\$23.48 per Offer Share (which is the same as the Offer Price under the Entitlement Offer). Subject to the HKEx granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued under the Global Offering (and certain other conditions), the Global Offering is fully underwritten by the Underwriters.

The Directors consider the dual primary listing of Yancoal on the ASX and the HKEx to be desirable and beneficial as it will allow the Company to increase diversity of its investor base and increase liquidity in its Shares, provide the Company better access to a wider range of private and institutional investors, increase its exposure to the Hong Kong and Mainland China markets, enhance the Company's profile in the Asia region and better position the Company for organic and inorganic growth in the future.

As part of the Global Offering, stabilisation actions may be conducted by the Stabilisation Manager and the Stabilisation Manager may over-allocate Shares. Such over-allocation of Shares may be covered by the exercise of the Over-Allotment Option (in full or in part). As a result of the Over-Allotment Option Yancoal may be required to issue up to an additional 8,916,200 Shares, which would lead to the dilution of all existing Shareholders, even if they exercise their Entitlements in full. See below under the heading "*Market Stabilisation*" in Section 6.4 of this booklet and the "*Structure of the Global Offering - Stabilisation*" section of the HK Prospectus (which section is included in **Annexure A**) for more information.

Details of Entitlement Offer

The Entitlement Offer consists of:

- (a) the Institutional Entitlement Offer, which comprises the offer of rights to subscribe for New Shares to three of the Company's major shareholders, Yanzhou, CSIL and Cinda (together, the **Major Shareholders**), and which was conducted on Friday, 30 November 2018. Each Major Shareholder has chosen not to take up their rights in the Institutional Entitlement Offer and to renounce those rights in favour of investors in the Global Offering. The rights of the Major Shareholders relate to approximately 87.8% of the total number of rights to subscribe for New

Shares under the Entitlement Offer. Further information in respect of the Major Shareholders' renunciation is set out in Section 2.4 of this booklet; and

- (b) the Retail Entitlement Offer, which will comprise the offer of rights to subscribe for New Shares to the Company's Eligible Shareholders (who do not include the Major Shareholders), and will commence on Friday, 7 December 2018 and will close on Tuesday, 18 December 2018.

Under the Retail Entitlement Offer, Eligible Shareholders are entitled to acquire 0.05387 New Shares for every 1 existing Share held on the Record Date, being 7.00pm (Sydney, Australia time) on Tuesday, 4 December 2018 for HK\$23.48 per Offer Share.

Eligible Shareholders who take up their Entitlement in full may also apply for Additional New Shares in excess of their Entitlements at the Offer Price. Additional New Shares will only be allocated to Eligible Shareholders if the Retail Bookbuild does not clear above the Offer Price (and if available).

The Offer Price represents a:

- 27.7% premium to the closing price of the Shares on Wednesday, 28 November 2018 of A\$3.25¹ per Share; and
- 25.8% premium to the theoretical ex rights price² of A\$3.30³ per Share.

The pro-rata nature of the Entitlement Offer favours existing Shareholders in recognition of their continuing support and provides an equitable mechanism for Shareholders to participate.

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares. New Shares issued under the Retail Entitlement Offer will be recorded on Yancoal's Australian register and will be quoted on ASX (subject to quotation approval being granted by ASX).

The Retail Entitlement Offer is not underwritten. The Bookrunner has been appointed to conduct the Retail Bookbuild.

Eligible Shareholders who do not take up or transfer their Entitlement (in full or in part) or whose Application is not supported by cleared funds will be deemed to have renounced their Entitlement (or that part of their Entitlement that they have not taken up or sold) and those renounced Entitlements will be transferred and potentially sold in the Retail Bookbuild on behalf of Eligible Shareholders. Accordingly, Eligible Shareholders should note that if they renounce all or part of their Entitlement, their percentage shareholding in the Company will be diluted to the extent of their non-participation in the Retail Entitlement Offer.

The renounceable nature of the Retail Entitlement Offer allows all Eligible Shareholders who do not take up or transfer some or all of their Entitlement (**Renouncing Shareholder**) to have those renounced Entitlements offered for sale through a bookbuild process to be undertaken by the Bookrunner. Entitlements cannot be sold or traded on the ASX. Any proceeds in excess of the Offer Price per New Share that may be achieved through the Retail Bookbuild will be remitted to Renouncing Shareholders (net of expenses and withholdings required by law) in proportion to the number of New Shares represented by their renounced Entitlement (**Retail Premium**). There is no guarantee that the Bookrunner will be able to sell all (or any) renounced Entitlements

¹ Equivalent to HK\$18.40 based on the closing rate published by the Reserve Bank of Australia on Wednesday, 28 November 2018. Discount calculated using A\$:HK\$ exchange rate based on the closing rate published by the Reserve Bank of Australia on Wednesday, 28 November 2018 of 5.6610.

² Theoretical ex-rights price (or "**TERP**") is the theoretical price at which Shares should trade immediately after the announcement of the Offer. TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the announcement of the Offer will depend on many factors and may not be equal to TERP.

³ Equivalent to HK\$18.68 based on the closing rate published by the Reserve Bank of Australia on Wednesday, 28 November 2018. Discount calculated using A\$:HK\$ exchange rate based on the closing rate published by the Reserve Bank of Australia on Wednesday, 28 November 2018 of 5.6610.

or that any Retail Premium will be realised from any such sales. Further information in respect of renounced Entitlements is set out in Section 3.7 of this booklet.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise (as set out in Section 3.1 of this booklet). In the event that holders are not able to take up their Entitlements, those Entitlements will lapse and, subject to the price per New Share achieved through the Retail Bookbuild, holders may receive no value for them.

Only Eligible Shareholders are entitled to participate in the Retail Entitlement Offer. If you are an Ineligible Shareholder, you do not need to do anything. Your Entitlements will be sold on your behalf in the Retail Bookbuild and any sale proceeds will be paid to you to the extent that any value is received for your Entitlements. Yancoal reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

Market Stabilisation on HKEx during the Retail Entitlement Offer

The Stabilisation Manager may (for a period of 30 days from the last day for lodging applications under the Hong Kong Public Offering (defined below)) (**Stabilisation Period**) undertake market stabilisation activities on the HKEx to retard and, if possible, prevent a decline in the public market price of the Shares below the Offer Price. The market stabilisation activities may include over-allocating Shares in the Global Offering and then purchasing, or agreeing to purchase, any of the Shares on the HKEx (but not on ASX).

The Stabilisation Manager may cover the over-allocations made in the Global Offering in full or part by, amongst other means, requiring Yancoal to issue up to an additional 8,916,200 new Shares (**Over-Allotment Option**). The size of any exercise of the Over-Allotment Option is not known as at the date of this booklet, but if exercised fully, would result in Yancoal issuing an additional 8,916,200 Shares (representing 0.67% of all Shares on issue immediately on completion of the Institutional Entitlement Offer but before the full exercise of the Over-Allotment Option, and assuming that the level of take-up of the Retail Entitlement Offer is 100%). If the level of take-up by existing Eligible Shareholders in the Retail Entitlement Offer is 0%, and no unexercised Entitlements are acquired by investors in the Retail Bookbuild, the additional Shares to be issued pursuant to the fully exercised Over-Allotment Option will represent approximately 0.67% of all Shares on issue immediately on completion of the Institutional Entitlement Offer. Therefore, exercise of the Over-Allotment Option will lead to the dilution of all existing Shareholders, even if they exercise their Entitlements in full.

During the Stabilisation Period, the Stabilisation Manager may resell some or all of the Shares so purchased. This resale may also affect the trading price of Shares on the HKEx (for example, this may have the effect of creating a lower price than may otherwise have been the case), although this does not increase the net number of Shares that the Stabilisation Manager can acquire under the market stabilisation.

The purchase of Shares on the HKEx during the Stabilisation Period may have the indirect effect of stabilising the trading price for Shares on the ASX (since Shares may be “shunted” between ASX and HKEx and so it may be there will be an equilibrium between the trading prices of Shares on both markets over time).

There is no guarantee that the trading price of the Shares will not drop below the Offer Price.

These market stabilisation activities will be subject to certain conditions, including that:

- Yancoal must disclose on the HKEx on the date of the announcement of the Global Offering that market stabilisation activities may take place in relation to the Global Offering (with a corresponding announcement to the ASX);
- the price at which stabilisation is effected is not permitted to exceed the Offer Price;
- stabilising bids will only be made by the Stabilisation Manager on the HKEx’s automated trading system (ie stabilisation activities will not occur on the ASX);

- any stabilising bids by the Stabilisation Manager must not, on any trading day, be higher than the lower of the highest current independent bid on the HKEx or the Offer Price; and
- during the Stabilisation Period, each day before trading on the ASX commences, the Stabilisation Manager must notify ASX for publication on the ASX market announcements platform:
 - the number of Shares purchased by the Stabilisation Manager on the previous trading day under the market stabilisation; and
 - its determination of the Offer adjusted for the prevailing exchange rate for that day (being the Offer Price in Hong Kong dollars converted into Australian dollars at the prevailing exchange rate for that day).

See the “*Structure of the Global Offering – Stabilisation*” section of the HK Prospectus (which section is included in **Annexure A**) for more information.

This booklet

In this booklet you will find the following:

- key dates for the Retail Entitlement Offer;
- details of the Retail Entitlement Offer, including how to take up all or part of your Entitlement, or how to apply for Additional New Shares if you choose to do so;
- details of the Global Offering and the Company’s proposed listing on the HKEx;
- extracts from the HK Prospectus, which includes risks associated with an investment in the Company and in Shares; and
- additional information relating to the Retail Entitlement Offer and the Company.

Enclosed with this booklet is a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed by Eligible Shareholders in accordance with the instructions provided on that form.

Taking up your Entitlement and applying for Additional New Shares

If you decide to take up all or part of your Entitlement (or take up all of your Entitlement and apply for Additional New Shares), there are two alternative ways you can pay your Application Monies:

- pay your Application Monies via BPAY®.⁴ If you pay by BPAY® you do not need to complete and post your Entitlement and Acceptance Form to the Registry (available when paying in A\$ only); or
- post, to the Registry, your completed Entitlement and Acceptance Form, along with your Application Monies by cheque, bank draft or money order (available when paying in A\$ or US\$). The Registry address is specified on the personalised Entitlement and Acceptance Form.

It is important to note that the Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Tuesday, 18 December 2018. To participate, you need to ensure that:

- you have paid your Application Monies via BPAY® pursuant to the instructions that are set out on the personalised Entitlement and Acceptance Form so that your Application Monies are received by the

⁴ Note that BPAY® payments can only be made in A\$ and if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Registry before 5.00pm (Sydney, Australia time) on Tuesday, 18 December 2018 (available when paying in A\$ only); or

- you have paid your Application Monies, by cheque, bank draft or money order, so that your completed personalised Entitlement and Acceptance Form and your Application Monies are received by the Registry before 5.00pm (Sydney, Australia time) on:
 - Friday, 14 December 2018 in respect of A\$ Application Monies; or
 - Wednesday, 12 December 2018 in respect of US\$ Application Monies.

See Section 3.10 of this booklet for further information about payment methods.

Exchange rate information

During the Offer Period, the Company will publish each day on ASX the Australian-dollar equivalent of the Offer Price (being the Offer Price for each Share in Hong Kong dollars converted into Australian dollars at the prevailing exchange rate for that day).

Further information

Further information on the Retail Entitlement Offer and the Group's business is detailed in this booklet. You should read the entirety of this booklet carefully, in particular the “*Risk Factors*” section of the HK Prospectus (which section is included in ***Annexure A***), before deciding whether to participate in the Retail Entitlement Offer.

If you would like further information regarding the Retail Entitlement Offer please call the Company's Offer Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (from outside Australia). For other questions, you should consult your broker, solicitor, accountant, taxation adviser, financial adviser or other professional adviser. You should be aware that the Company has not had regard to your individual circumstances or needs, including your personal taxation or financial position, in sending this booklet and accompanying information to you and the Company is not licensed to provide financial product advice to you in relation to your Shares, the Entitlements, the New Shares or the Additional New Shares. If you have any doubt about whether you should invest in the Retail Entitlement Offer, you should seek professional advice before making any investment decision. Please note that no cooling-off period applies in relation to an investment in New Shares or Additional New Shares under the Retail Entitlement Offer. Accordingly, you cannot withdraw your Application once it has been accepted.

On behalf of the Directors and management team of the Company, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely

Baocai Zhang
Chairman

1 Summary of options available to you

1.1 Your options

If you are an Eligible Shareholder you may do any of the following:

- take up all or part of your Entitlement (and renounce the balance);
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement;
- transfer all or part of your Entitlement directly to a third party; or
- do nothing, in which case you will be deemed to have renounced your Entitlement (and those renounced entitlements will be transferred and potentially offered for sale in the Retail Bookbuild on your behalf).

If you are a Shareholder that is not an Eligible Shareholder, you are an **"Ineligible Shareholder"**. Ineligible Shareholders are not entitled to participate in the Retail Entitlement Offer.

Options available to you	Key considerations
Option 1: Take up all or part of your Entitlement (and renounce the balance)	<ul style="list-style-type: none">• You may elect to subscribe for New Shares at the Offer Price (see Section 3.7 for instructions on how to take up your Entitlement).• The New Shares will be fully paid and rank equally in all respects with existing Shares and will be entitled to dividends on the same basis as existing Shares.• The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Tuesday, 18 December 2018.• If you only take up part of your Entitlement, you may:<ul style="list-style-type: none">– transfer part of your Entitlement to a third party (see Option 3 below); or– do nothing and let that part of your Entitlement that you do not take up potentially be sold in the Retail Bookbuild for your benefit (see Option 4 below).
Option 2: Take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement	<ul style="list-style-type: none">• Eligible Shareholders may apply for Additional New Shares in excess of their Entitlement as set out in their personalised Entitlement and Acceptance Form.• The Company will treat you as applying for as many New Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any Excess Amounts received by the Company, may treat your application as applying for as many Additional New Shares as your Excess Amount will pay for in full, subject to any scale-back it may determine in consultation with the Bookrunner to implement in respect of Additional New Shares. Please note that allocations of Additional New Shares are at the discretion of the Company following consultation with the Bookrunner.

Options available to you	Key considerations
Option 3: Transfer all or part of your Entitlement directly to a third party	<ul style="list-style-type: none"> • If you wish to transfer all or part of your Entitlement directly to a third party, you must return a completed Renunciation and Transfer Form, together with your personalised Entitlement and Acceptance Form, and the transferee's Application Monies to the Registry in relation to the part of your Entitlement that you wish to transfer. • If you hold issuer sponsored securities, you can obtain a Renunciation and Transfer Form through the Company's Offer Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (from outside Australia) at any time from 9.00am to 5.00pm (Sydney, Australia time) Monday to Friday during the Offer Period. • If you hold broker/CHESS sponsored securities, you will need to instruct your broker to convert your ordinary shares to an issuer sponsored holding to allow you to transfer your Entitlements. You will then be able to transfer your Entitlements by obtaining a Renunciation and Transfer Form through the Company's Offer Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (from outside Australia) at any time from 9.00am to 5.00pm (Sydney, Australia time) Monday to Friday during the Offer Period. • The Renunciation and Transfer Form together with Application Monies and your personalised Entitlement and Acceptance Form must be received by the Registry by no later than 5.00pm (Sydney, Australia time) on: <ul style="list-style-type: none"> – Friday, 14 December 2018 if paying by cheque, bank draft or money order, or otherwise as permitted by the Company in respect of A\$ Application Monies; or – Wednesday, 12 December 2018 if paying by cheque, bank draft or money order, or otherwise as permitted by the Company in respect of US\$ Application Monies. • If the Registry receives both a completed Renunciation and Transfer Form and an application for New Shares in respect of the same Entitlement, the Registry will process whichever is received first and the transfer will be returned to you, or the application for New Shares will be refunded in full or returned to you. • If you wish to transfer part of your Entitlement and renounce the balance, follow the procedures above in respect of the part of your Entitlement you wish to transfer, and do nothing in respect of the balance. You will receive the Retail Premium (if any) in respect of those renounced Entitlements through the Retail Bookbuild (net of any expenses and any withholdings required by law). • By renouncing (some or all of) your Entitlement and transferring it to a third party, you will forgo any exposure to increases or decreases in the value of New Shares you would have received if you had exercised the Entitlement. Your percentage shareholding in Yancoal will also be diluted. • You may only transfer your Entitlement in this way to a purchaser whose address is, if a retail investor, in Australia or New Zealand

Options available to you	Key considerations
	<p>and, if an institutional investor, is in the jurisdictions contemplated in the 'Selling Restrictions' contained in Section 6.7 of this booklet, or who otherwise meets the Eligibility Criteria (other than in respect of being a holder of an Entitlement). Persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase Entitlements. You should inform any transferee of these restrictions.</p> <ul style="list-style-type: none"> You can only transfer your Entitlement to a third party if you hold your Shares on Yancoal's issuer-sponsored sub-register. If you hold your Shares on the CHESs-sponsored sub-register, you must transfer your shareholding to Yancoal's issuer-sponsored sub-register before you attempt to transfer your Entitlements privately to a third party. Please contact your broker for information on how to do this.
Option 4: Do nothing and let all or part of your Entitlement be sold into the Retail Bookbuild	<ul style="list-style-type: none"> To the extent you do not take up all of your Entitlement, your Entitlements will be sold on your behalf through the Retail Bookbuild on Friday, 21 December 2018 and you will receive any Retail Premium (if any) in respect of your Entitlement (see Section 3.7). There is no guarantee that your Entitlements will be capable of being sold or, in the event that your Entitlements are sold, that there will be any Retail Premium. Any Retail Premium should be taxable in the hands of certain Eligible Shareholders who hold their existing Shares on capital account as a capital gain for Australian tax purposes, consistent with guidance provided by the Australian Taxation Office (ATO) in Taxation Ruling 2017/4 (refer to Section 5 for additional information). You will not incur brokerage costs on any Retail Premium received from the Retail Bookbuild. By letting your Entitlement be sold on your behalf through the Retail Bookbuild, you will forgo any exposure to increases or decreases in the value of New Shares. Your percentage shareholding in Yancoal will also be diluted.

1.2 How to pay

The Offer Price is in HK\$, but Applicants can pay for New Shares or Additional New Shares in either A\$ or US\$.

If you apply in A\$ or US\$, the Application Monies you submit will be converted to HK\$ at the available rate prevailing on the Entitlement Offer closing date (the **HK\$ Equivalent Amount**) in order to calculate your Entitlement take-up (and the number of Additional New Shares that you have applied for).

If you decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement, please:

- pay your Application Monies via BPAY^{®5} (available when paying in A\$ only); or
- complete and return the personalised Entitlement and Acceptance Form accompanying this booklet with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.⁶

⁵ Note that BPAY[®] payments can only be made in A\$ and if you are the holder of an account with an Australian financial institution that supports BPAY[®] transactions.

⁶ If you are paying by cheque, bank draft or money order, your Application Monies and completed Entitlement and Acceptance Form must be received by the Registry before 5.00pm (Sydney, Australia time) on Friday, 14 December 2018 for A\$ Application Monies and Wednesday, 12 December 2018 for US\$ Application Monies.

2 Overview of the Entitlement Offer

2.1 Overview

The Company is conducting a 0.05387 for 1 accelerated pro-rata renounceable entitlement offer to existing Shareholders (excluding the Major Shareholders) with a registered address in Australia or New Zealand as at the Record Date and to institutional investors permitted to participate having regard to the 'Selling Restrictions' contained in Section 6.7 of this booklet.

Eligible Shareholders are being offered the opportunity to apply for 0.05387 New Shares for every 1 existing Share held at 7.00pm (Sydney, Australia time) on the Record Date, at the Offer Price of HK\$23.48 per New Share.

The information in this booklet contains an offer of New Shares to Eligible Shareholders and has been prepared in accordance with section 708AA of the Corporations Act, as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*. This section of the Corporations Act allows entitlement offers to be made by providing certain confirmations to the market.

2.2 Retail Entitlement Offer

Eligible Shareholders are being invited to subscribe for all or part of their Entitlement and are being sent this booklet with a personalised Entitlement and Acceptance Form.

The Retail Entitlement Offer constitutes an offer only to Eligible Shareholders, being Shareholders on the Record Date (other than the Major Shareholders and Ineligible Shareholders) who have a registered address in Australia or New Zealand, or if an institutional or professional investor, are permitted to participate having regard to the 'Selling Restrictions' contained in Section 6.7 of this booklet, and are eligible under all applicable laws to receive an offer under the Retail Entitlement Offer. A person in the United States or acting for the account or benefit of a person in the United States is not entitled to participate in the Retail Entitlement Offer. This is a summary; see Section 3 for more information.

Determination of eligibility of investors for the purposes of the Retail Entitlement Offer is determined by reference to a number of matters, including legal requirements, logistical and registry constraints, and the discretion of Yancoal. Yancoal disclaims any liability in respect of the exercise or otherwise of that determination and discretion, to the maximum extent permitted by law.

The Offer Ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer. The Retail Entitlement Offer opens on Friday, 7 December 2018 and is expected to close at 5.00pm (Sydney, Australia time) on Tuesday, 18 December 2018.

The Retail Entitlement Offer is not underwritten.

2.3 Retail Bookbuild

Retail Entitlements which are not taken up by the close of the Retail Entitlement Offer and Entitlements of Ineligible Shareholders (as defined in Section 3.2) will be sold through the Retail Bookbuild. Any Retail Premium will be remitted proportionally to holders of those Entitlements at the close of the Retail Entitlement Offer, and to Ineligible Shareholders. The Retail Premium, if any, is expected to be paid on or about Wednesday, 2 January 2019.

2.4 Institutional Entitlement Offer, HK Listing and Global Offering

The Entitlement Offer is being conducted in conjunction with a Hong Kong public offering (**Hong Kong Public Offering**) and an international offering (**International Offering**) of the Company's Shares (together, the **Global Offering**) and a proposed dual primary listing of the Company (**HK Listing**) on the Main Board of the Hong Kong Stock Exchange (**HKEx**). The Company has prepared a prospectus for the HK Listing (**HK**

Prospectus), which was registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) on Friday, 23 November 2018. A copy of the HK Prospectus is available on the ASX company announcements platform for Yancoal at www.asx.com.au.

The Global Offering was conducted between Monday, 26 November 2018 and Thursday, 29 November 2018 and resulted in the receipt of allocations to investors to raise gross proceeds of HK\$1.396 billion (before any exercise of the Over-Allotment Option). The offer price for Shares acquired under the Global Offering was set in a bookbuild on Thursday, 29 November 2018 at HK\$23.48, which is the same as the Offer Price for the Retail Entitlement Offer.

To facilitate the Company's dual listing on the HKEx (which includes the Global Offering), each Major Shareholder has chosen not to take up their rights in the Institutional Entitlement Offer and to renounce those rights in favour of investors in the Global Offering. The rights of the Major Shareholders relate to approximately 87.8% of the New Shares initially being offered in the Entitlement Offer and will comprise all of the Shares being offered to new investors under the Global Offering.

Settlement of the Global Offering will take place at the same time as settlement of the Institutional Entitlement Offer, and is expected to be on Thursday, 6 December 2018.

The Retail Entitlement Offer will open on Friday, 7 December 2018 and will close at 5.00pm (Sydney, Australia time) on Tuesday, 18 December 2018.

You have a number of decisions to make in respect of your Entitlement. These decisions may materially affect the value (if any) that may be received in respect of your Entitlement. You should read this booklet carefully before making any decisions in relation to your Entitlement.

Further details on the Retail Entitlement Offer and Retail Bookbuild are set out below.

Please refer to the information in this booklet, the HK Prospectus, the Group's annual and half-year reports and other announcements made available at www.yancoal.com.au or www.asx.com.au for information on the Entitlement Offer, the HK Listing, the Global Offering and for further information on Yancoal.

2.5 Use of proceeds

The proceeds raised from the Entitlement Offer and the Global Offering will be used:

- to repay outstanding indebtedness of the Group under a syndicated facility and potentially unsecured loans from related parties;
- to finance potential acquisitions;
- to finance the acquisition of an additional 4% interest in the unincorporated Moolarben joint venture; and
- for working capital and general corporate purposes.

For further details of the use of proceeds raised from the Global Offering, refer to the "Future Plans and Use of Proceeds" section of the HK Prospectus (which section is included in **Annexure A**).

3 How to apply

3.1 Who is eligible to participate in the Retail Entitlement Offer?

Eligible Shareholders are those Shareholders who:

- are registered as a holder of Shares as at the Record Date;
- are not a Major Shareholder;
- have a registered address on the Company's share register in Australia or New Zealand; and
- are not in the United States and must not be acting for the account or benefit of a person in the United States (to the extent such a person holds Shares in the Company for the account or benefit of such persons in the United States),

(Eligible Shareholder).

Shareholders who do not satisfy each of these criteria are '**Ineligible Shareholders**'. The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder. Ineligible Shareholders will be sent a letter in the form lodged with ASX on or about Friday, 7 December 2018.

The Company may (in its absolute discretion) extend the Retail Entitlement Offer to any Shareholder in other foreign jurisdictions (subject to compliance with applicable laws).

The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and is therefore able to participate in the Retail Entitlement Offer, or an Ineligible Shareholder and is therefore unable to participate in the Retail Entitlement Offer. The Company disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

By returning a completed Entitlement and Acceptance Form or making a BPAY® payment,⁷ you will be taken to have irrevocably represented and warranted that you satisfy each of the criteria listed above. Eligible Shareholders who are nominees, trustees or custodians must ensure that the beneficial owners on whose behalf they hold Shares as nominee, trustee or custodian are Eligible Shareholders, and are advised to seek independent professional advice as to how to proceed in respect of their Entitlement.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States.

3.2 Ineligible Shareholders

The Company has decided that it is unreasonable to make offers under the Retail Entitlement Offer to holders of Shares:

- (a) who are in the United States; or
- (b) who have a registered address on the Company's share register outside Australia or New Zealand;
or
- (c) if an institutional Shareholder, who has a registered address outside the jurisdictions contemplated in the 'Selling Restrictions' contained in Section 6.7 of this booklet,

⁷ Note that BPAY® payments can only be made in A\$ and if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. The Company may determine to extend the offer to beneficial Shareholders who are institutional or professional investors in certain other foreign countries selected by the Company in its absolute discretion.

Ineligible Shareholders are not eligible to participate in the Retail Entitlement Offer due to securities law restrictions on the offer of New Shares in certain jurisdictions.

3.3 Your Entitlement

The number of New Shares to which an Eligible Shareholder is entitled will be shown on their personalised Entitlement and Acceptance Form that accompanies this booklet and has been calculated as 0.05387 New Shares for every 1 existing Share held by the Eligible Shareholder as at the Record Date rounded up to the nearest whole New Share. Where an Eligible Shareholder has more than one registered holding of Shares, they will be sent more than one personalised Entitlement and Acceptance Form and will have separate Entitlements for each separate holding.

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with existing Shares on issue, including in respect of entitlement to dividends.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States.

Eligible Shareholders who hold shares in the capacity of a trustee, nominee or custodian (or in another capacity) for another person cannot take up Entitlements and purchase New Shares for the account or benefit of persons that are in the United States or otherwise for beneficiaries that are located outside of Australia and New Zealand.

3.4 Nominees

The Retail Entitlement Offer is only being made to Eligible Shareholders. The Company is not required to determine whether any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such person is an Eligible Shareholder).

Where any holder is acting as a nominee for a foreign person, that nominee, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer complies with applicable foreign laws. Any person that is in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be in the United States. The Company assumes no obligation to advise you on any foreign laws.

3.5 Retail Bookbuild

As the Retail Entitlement Offer is renounceable, the Entitlements of Eligible Shareholders who do not take up some or all of their Entitlement (or, in the case of Ineligible Shareholders, the Entitlements which would otherwise have been available to them) will be offered for subscription to certain institutional investors on behalf of Renouncing Shareholders and Ineligible Shareholders through the Retail Bookbuild to be undertaken by the Bookrunner. Any Retail Premium will be remitted to Renouncing Shareholders and Ineligible Shareholders (net of expenses and any withholdings required by law) in proportion to the number of New Shares represented by their renunciation or ineligible holding. Further information in respect of renounced Entitlements and ineligible holdings is set out in Sections 3.7 and 3.2 of this booklet.

The Retail Entitlement Offer is not underwritten, thus the number of Shares to be issued on completion of the Retail Entitlement Offer depends on the extent of the rights being taken up by the Eligible Shareholders (or by their assignees) and the Retail Bookbuild and may not necessarily result in all the New Shares offered under the Retail Entitlement Offer being issued.

3.6 Additional New Shares

Eligible Shareholders who take up their Entitlement in full may also apply for Additional New Shares in excess of their Entitlement at the Offer Price. Additional New Shares will only be allocated to an Eligible Shareholder if the Retail Bookbuild does not clear above the Offer Price (and if available).

Allocations of Additional New Shares are at the discretion of the Company following consultation with the Bookrunner. Where the Retail Bookbuild does not clear above the Offer Price, relevant Eligible Shareholders will generally receive such number of Additional New Shares which they have applied for in preference to new investors (although the Company, in consultation with the Bookrunner, may scale back applications for Additional New Shares having regard to all relevant circumstances, including an eligible Shareholder's underlying Shareholding at the Record Date).

There is no guarantee that you will receive the amount of Additional New Shares applied for above your Entitlement, if any. The allocation of any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlement.

Any Excess Amount paid by you may be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full (after applying the applicable exchange rate). No Additional New Shares will be issued to an Eligible Shareholder which will result in them increasing their voting power in the Company above 20%.

3.7 Options available to you in respect of the Retail Entitlement Offer

If you are an Eligible Shareholder you may do any of the following:

- take up all or part of your Entitlement (and renounce the balance) (see Section 3.8 below);
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement;
- transfer all or part of your Entitlement directly to a third party; or
- do nothing, in which case you will be deemed to have renounced your Entitlement (and those renounced Entitlements will be transferred and potentially offered for sale in the Retail Bookbuild on your behalf) (see Section 3.8 below).

As the Retail Entitlement Offer is renounceable, the Entitlements of Eligible Shareholders who do not take up or transfer some or all of their Entitlements (and, in the case of Ineligible Shareholders, the Entitlements which would otherwise have been available to them) will be offered for subscription to certain institutional investors on behalf of Renouncing Shareholders and Ineligible Shareholders through the Retail Bookbuild to be undertaken by the Bookrunner. Any Retail Premium will be remitted to Renouncing Shareholders and Ineligible Shareholders (net of expenses and any withholdings required by law) in proportion to the number of New Shares represented by their renunciation or ineligible holding.

3.8 How to apply under the Retail Entitlement Offer

Option 1 and Option 2: If you decide to take up all or part of your Entitlement or take up all of your Entitlement and apply for Additional New Shares

The Offer Price of HK\$23.48 per New Share accepted is payable on acceptance of your Entitlement.

If you wish to pay in Australian Dollars, you can pay in the following ways:

- pay your Application Monies via BPAY^{®8}, which must be received no later than the close of the Entitlement Offer, being 5.00pm (Sydney, Australia time) on Tuesday, 18 November 2018; or
- complete and return the personalised Entitlement and Acceptance Form attached to this booklet with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.⁹

If you wish to pay in US Dollars, you can pay by completing and returning the personalised Entitlement and Acceptance Form attached to this booklet with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.¹⁰

The Company will treat you as applying for as many New Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any Excess Amounts received by the Company, may treat your application as applying for as many Additional New Shares as your Excess Amount will pay for in full, subject to any scale-back it may in consultation with the Bookrunner determine to implement. Please note that allocations of Additional New Shares are at the discretion of Yancoal following consultation with the Bookrunner.

If you apply for your full Entitlement, pay your Application Monies in A\$ or US\$ and the currency conversion (described in Section 3.9 below) results in an excess of Application Monies, such excess will be deemed to constitute an Application for such number of Additional New Shares as is equal to the excess divided by the Offer Price. If you pay in A\$ or US\$ and the currency conversion (described in Section 3.9 below) results in the Application Monies received being less than the amount required to pay for the Entitlements applied for, your application will be deemed to constitute an Application for such number of Entitlements as is equal to the amount received following the currency conversion divided by the Offer Price.

If you take up and pay for all or part of your Entitlement, before the close of the Entitlement Offer, you will be issued your New Shares on Friday, 28 December 2018.¹¹ If you apply for Additional New Shares in excess of your Entitlement, then subject to:

- Additional New Shares being available from Eligible Shareholders who do not take up their full Entitlement (or, in the case of Ineligible Shareholders, the Entitlements which would otherwise have been available to them);
- the Entitlement Offer Bookbuild not clearing above the Offer Price; and
- any scale-back to your allocation of Additional New Shares (as determined by the Company, in consultation with the Bookrunner),

you will be issued Additional New Shares on Friday, 28 December 2018.¹² The Company's decision on the number of Additional New Shares to be allocated to you will be final and will be made in its absolute discretion. In particular, Yancoal reserves the right to disregard any application for Additional New Shares on any basis.

Other than to the extent that Additional New Shares are allocated to you, any Excess Amount will be refunded after the close of the Retail Entitlement Offer on or around Wednesday, 2 January 2019 (except for where the

⁸ Note that BPAY[®] payments can only be made in A\$ and if you are the holder of an account with an Australian financial institution that supports BPAY[®] transactions.

⁹ If you are paying by cheque, bank draft or money order, your Application Monies and completed Entitlement and Acceptance Form must be received by the Registry before 5.00pm (Sydney, Australia time) on Friday, 14 December 2018 for A\$ Application Monies or Wednesday, 12 December 2018 for US\$ Application Monies.

¹⁰ If you are paying by cheque, bank draft or money order, your Application Monies and completed Entitlement and Acceptance Form must be received by the Registry before 5.00pm (Sydney, Australia time) on Friday, 14 December 2018 for A\$ Application Monies or Wednesday, 12 December 2018 for US\$ Application Monies.

¹¹ Unless extended. The Entitlement Offer timetable is subject to variation.

¹² Unless extended. The Entitlement Offer timetable is subject to variation.

amount is less than A\$2.00, in which case it will be donated to a charity chosen by the Company). No interest will be paid to Eligible Shareholders on any Application Monies received or returned (wholly or partially).

If you only take up part of your Entitlement and you do nothing with respect to the balance, you will be taken to have renounced the balance of your Entitlement, which will be sold on your behalf in the Retail Bookbuild.

Option 3: If you decide to transfer all or part of your Entitlement directly to a third party

You have the option to:

- transfer all of your Entitlement to a third party;
- transfer part of your Entitlement to a third party and apply for New Shares for the balance of your Entitlement; or
- transfer part of your Entitlement to a third party and renounce the balance of your Entitlement (i.e. do nothing).

If you wish to transfer all or part of your Entitlement to a third party, you must return a completed Renunciation and Transfer Form, together with your personalised Entitlement and Acceptance Form and the transferee's Application Monies to the Registry in relation to the part of your Entitlement that you wish to transfer.

If you hold issuer sponsored securities, you can obtain a Renunciation and Transfer Form through the Company's Offer Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (from outside Australia) at any time from 9.00am to 5.00pm (Sydney, Australia time) Monday to Friday during the Offer Period.

If you hold broker/CHESS sponsored securities, you will need to instruct your broker to convert your ordinary shares to an issuer sponsored holding to allow you to transfer your entitlements. You will then be able to transfer your Entitlements by obtaining a Renunciation and Transfer Form through the Company's Offer Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (from outside Australia) at any time from 9.00am to 5.00pm (Sydney time) Monday to Friday during the Offer Period.

The Renunciation and Transfer Form together with Application Monies and your personalised Entitlement and Acceptance Form must be received by the Registry at the following address by no later than 5.00pm (Sydney, Australia time) on:

- Friday, 14 December 2018 if paying by cheque, bank draft or money order, or otherwise as permitted by the Company in respect of A\$ Application Monies; or
- Wednesday, 12 December 2018 if paying by cheque, bank draft or money order, or otherwise as permitted by the Company in respect of US\$ Application Monies.

Yancoal Australia Ltd
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne, Victoria 3001
Australia

If the Registry receives both a completed Renunciation and Transfer Form and an application for New Shares in respect of the same Entitlement, the Registry will process whichever is received first and the transfer will be returned to you, or the application for New Shares will be refunded in full or returned to you. You may only transfer your Entitlement in this way to a purchaser whose address is, if a retail investor, in Australia or New Zealand and, if an institutional investor, is in the jurisdictions contemplated in the 'Selling Restrictions' contained in Section 6.7 of this booklet, or who otherwise meets the Eligibility Criteria (other than in respect of being a holder of an Entitlement). Persons in the United States and persons acting for the account or benefit

of a person in the United States will not be eligible to purchase Entitlements. You should inform any transferee of these restrictions.

You can only transfer your Entitlement to a third party if you hold your Shares on Yancoal's issuer-sponsored sub-register. If you hold your Shares on the CHESS-sponsored sub-register, you must transfer your shareholding to Yancoal's issuer-sponsored sub-register before you attempt to transfer your Entitlements privately to a third party. Please contact the Registry for information on how to do this.

If you transfer your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in the Company will also be diluted.

Option 4: If you wish to do nothing and let all or part of your Entitlement be sold into the Retail Bookbuild

If you choose not to transfer or take up all or part of your Entitlement, you still have the potential opportunity to receive payment for your Entitlement or the part of your Entitlement not taken up (i.e. renounced by you).

Those Shareholders who are Ineligible Shareholders may also have the opportunity to receive payment for the Entitlement they would otherwise have received had they been eligible to participate in the Retail Entitlement Offer.

Any of your Entitlements which you do not take up or transfer will be sold through the Retail Bookbuild on Friday, 21 December 2018 to eligible institutional investors. The Company will arrange for the Entitlements of Renouncing Shareholders (or, in the case of Ineligible Shareholders, the Entitlements which would otherwise have been available to them) to be offered for subscription to certain institutional investors through the Retail Bookbuild and any Retail Premium will be remitted to those Renouncing Shareholders and Ineligible Shareholders in proportion to the number of New Shares represented by their renounced Entitlements (or, in the case of Ineligible Shareholders, in proportion to the number of Entitlements that they would have been entitled to had they been eligible to participate in the Retail Entitlement Offer) (net of any expenses and any withholdings required by law).

No assurance or guarantee can be given that:

- (a) any Entitlements will be capable of being sold in the Retail Bookbuild; or
- (b) to the extent that any Entitlements are sold in the Retail Bookbuild, as to the price that will be achieved under the Retail Bookbuild from the sale of Entitlements. If the price achieved under the Retail Bookbuild does not exceed the Offer Price, no distribution will be made to Renouncing Shareholders or Ineligible Shareholders.

The ability to sell Entitlements in respect of New Shares through the Retail Bookbuild will be dependent on various factors including market conditions. Similarly, the Retail Bookbuild price may not be the highest price offered but will be determined by agreement between the Bookrunner and the Company (each acting reasonably having regard to the outcome of the Retail Bookbuild), provided that the Retail Bookbuild price will not be set lower than the Offer Price.

To the maximum extent permitted by law, the Company, the Bookrunner, and their respective related bodies corporate, agents or affiliates, or the directors, officers, employees or advisers of any of them, disclaim all liability, including for negligence, for any failure to procure applications for New Shares under the Retail Bookbuild at a price in excess of the Offer Price (or at all). The Retail Premium (if any) (net of expenses and any withholdings required by law) will be paid to Renouncing Shareholders and Ineligible Shareholders in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register or by cheque sent to your address as recorded on the share register. If you wish to advise or change your banking instructions with the share registry you may do so online at www.au.computershare.com/Investor or by phoning 1300 855 080. There is no guarantee that the Bookrunner will be able to sell all (or any) renounced Entitlements (or New Shares) or that any Retail Premium will be realised from any such sales.

Depending on your circumstances, any Retail Premium you may receive as a result of the Retail Bookbuild may have Australian and/or overseas tax consequences for you. You should seek professional tax advice regarding the taxation of any proceeds received.

Eligible Shareholders should note that if you choose to renounce all or part of your Entitlement, then your percentage shareholding in the Company will be diluted to the extent of your non-participation in the Retail Entitlement Offer.

3.9 Payment of Application Monies in A\$ or US\$

The Offer Price is in HK\$, but Applicants can pay for New Shares or Additional New Shares in either A\$ or US\$.

If you apply in A\$ or US\$, the Application Monies you submit will be converted to the HK\$ Equivalent Amount in order to calculate your Entitlement take-up (and the number Additional New Shares that you have applied for). The available exchange rate of A\$ to HK\$ based on the closing rate published by the Reserve Bank of Australia on Wednesday, 28 November 2018 was 5.6610. The available exchange rate of US\$ to HK\$ based on the closing rates published by the Reserve Bank of Australia on Wednesday, 28 November 2018 was 7.8266.

Accordingly, if you apply for New Shares or Additional New Shares in A\$ or US\$, you will be taken to have applied for that number of New Shares and/or Additional New Shares equal to your HK\$ Equivalent Amount divided by the Offer Price (subject to rounding). Please note that allocations of Additional New Shares are at the absolute discretion of Yancoal.

For the avoidance of doubt, if you apply for your full Entitlement, pay your Application Monies in A\$ or US\$ and the above currency conversion results in an excess of Application Monies, such excess will be deemed to constitute an Application for such number of Additional New Shares as is equal to the excess divided by the Offer Price. If the above currency conversion results in the Application Monies received being less than the amount required to pay for the Entitlements applied for, the application will be deemed to constitute an Application for such number of Entitlements as is equal to the amount received following the currency conversion divided by the Offer Price.

3.10 Payment methods

(a) Payment by BPAY® (in Australian Dollars only)

For payment by BPAY® (which must be made in A\$ only), please follow the instructions on the personalised Entitlement and Acceptance Form accompanying this booklet (which includes the biller code and your unique Customer Reference Number (**CRN**)). You can only make a payment via BPAY® in A\$, and if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

When completing your BPAY® payment, please make sure to use the specific biller code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements when paying by BPAY®, you will be deemed to have applied only for New Shares on the Entitlement to which that CRN applies and your applications in respect of your other CRNs will be deemed to have not been supported by cleared funds.

Should you choose to pay by BPAY® it is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5.00pm (Sydney, Australia time) on Tuesday, 18 December 2018. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. The Company takes no responsibility for any failure to receive Application Monies or payment by BPAY® before the Retail Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

(b) Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian or US currency for the amount of the Application Monies, payable to '**Yancoal Entitlement Offer**' and crossed 'Not Negotiable'.

Your cheque, bank draft or money order must be:

- for A\$4.15 or US\$3.00 multiplied by the number of New Shares that you are applying for. These amounts are based on the available exchange rate of A\$ to HK\$ and US\$ to HK\$ based on the closing rates published by the Reserve Bank of Australia on Wednesday, 28 November 2018. Any Application Monies you submit will be converted at the HK\$ Equivalent Amount and you will be taken to have applied for that number of New Shares and/or Additional New Shares equal to your HK\$ Equivalent Amount divided by the Offer Price; and
- for A\$ Application Monies, drawn on an Australian financial institution or an Australian branch of a financial institution, and made payable to '**Yancoal Australia Limited**' and crossed 'Not Negotiable'; or
- for US\$ Application Monies, drawn on a US financial institution or a US branch of a financial institution, and made payable to '**Yancoal Australia Limited**'.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form.

Should you choose to pay by cheque, bank draft or money order it is your responsibility to ensure that your payment is received by the Registry by no later than 5.00pm (Sydney, Australia time) on:

- Friday, 14 December 2018 for A\$ Application Monies; or
- Wednesday, 12 December 2018 for US\$ Application Monies.

Cash payments will not be accepted. Receipts for payment will not be issued.

3.11 Delivery of Entitlement and Acceptance Form

To participate in the Entitlement Offer:

- if you make your payment via BPAY®, your payment must be received no later than the close of the Entitlement Offer, being 5.00pm (Sydney, Australia time) on Tuesday, 18 December 2018; or
- if you make payment via cheque, bank draft or money order, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Mailing Address:

Yancoal Australia Ltd
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

If you pay by cheque, bank draft or money order, it is your responsibility to ensure that your payment is received by the Registry by no later than 5.00pm (Sydney, Australia time) on:

- Friday, 14 December 2018 for A\$ Application Monies; or
- Wednesday, 12 December 2018 for US\$ Application Monies.

Entitlement and Acceptance Forms and Application Monies will not be accepted at the Company's registered or corporate offices, or other offices of the Registry.

3.12 No withdrawals of Applications

You cannot withdraw your Application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares or Additional New Shares under the Retail Entitlement Offer.

The Company reserves the right to withdraw the Retail Entitlement Offer at any time before the issue of New Shares or Additional New Shares to Eligible Shareholders, in which case the Company will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

3.13 Confirmation of your Application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares under this Retail Entitlement Offer, and manage the standing instructions the Registry records on your holding on the Investor Centre website www-au.computershare.com/Investor. To access the Investor Centre you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored / CHESS statements and you will need to pass the security challenge on the site.

3.14 General information in relation to the Retail Entitlement Offer and this booklet

The Retail Entitlement Offer is not being made under a prospectus or product disclosure statement under Australian or any other law. Rather, the Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) which allows rights issues and related issues to be made by providing certain confirmations to the market on the basis that all information that investors and their professional advisers would reasonably require to make an informed investment decision in relation to the Retail Entitlement Offer, when read with this booklet and the accompanying information, is publicly available.

This booklet does not contain all of the information which may be required in a prospectus or product disclosure statement under the Corporations Act. As a result, it is important for Eligible Shareholders to carefully read and understand the information on the Company and the Retail Entitlement Offer made publicly available, prior to deciding whether to take up all or part of their Entitlement, transfer all or part of their Entitlement or do nothing in respect of their Entitlement. In particular, please read this booklet in its entirety, (including the risks set out in the "Risk Factor" section of the HK Prospectus (which section is included in **Annexure A**), the Group's annual and half-year reports and other announcements made available at www.yancoal.com.au or www.asx.com.au.

Please consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Entitlement Offer or the information in this booklet.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company and the Directors, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Group, nor does it guarantee the repayment of capital from the Company or any particular tax treatment.

3.15 Issue of New Shares

New Shares under the Retail Entitlement Offer are expected to be issued on or around Friday, 28 December 2018 (subject to variation at the discretion of the Company, with the consent of the Bookrunner). Fractional entitlements to New Shares will be rounded up to the nearest whole number of New Shares.

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or otherwise incorrect or if they fail to provide information to substantiate their claims.

3.16 ASX quotation

The Company has applied to ASX for the grant of official quotation of the New Shares to be issued under the Entitlement Offer. It is expected that normal trading on ASX will commence in relation to the New Shares to be issued under the Entitlement Offer on Monday, 31 December 2018. New Shares issued under the Retail Entitlement Offer will be recorded on Yancoal's Australian register and will be quoted on ASX (subject to quotation approval being granted by ASX). The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade Shares to be issued under the Entitlement Offer before they are quoted on ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by the Company, the Registry, the Bookrunner or otherwise. ASX accepts no responsibility for any statement in this booklet.

3.17 Application Monies

Until New Shares are issued, the Company will hold the Australian dollar Application Monies in a bank account(s) in Australia. The account(s) will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required. The Company will also establish a US dollar bank account, which will be kept solely for the purpose of depositing Application Monies and retaining those funds as required.

Any interest accrued on Application Monies will not be paid to the relevant Eligible Shareholder, including if the Entitlement Offer is cancelled or withdrawn.

3.18 Risks

There are a number of risks associated with an investment in the Company which may affect its financial performance, financial position, cash flows, distributions, growth prospects and Share price. The key risk factors are set out in the “*Risk Factors*” section of the HK Prospectus (which section is included in **Annexure A**).

4 ASX Announcements

26 November 2018

ASX Release:

Yancoal announces Hong Kong initial public offer and proposed Australian entitlement offer

Highlights

- Yancoal is in the process of undertaking a fully underwritten Global Offering at an Offer Price of between HK\$23.48 to HK\$25.84 per Share (representing A\$4.09 to A\$4.50 per Share¹).
- Provided the Global Offering proceeds successfully, Yancoal will also undertake an Entitlement Offer at the same Offer Price as under the Global Offering, comprising an Institutional Entitlement Offer and a Retail Entitlement Offer.
- Certain shareholders have committed not to take up their rights in the Institutional Entitlement Offer and to renounce those rights in favour of investors in the Global Offering.
- Proceeds from Global Offering and the Entitlement Offer will primarily be used to repay outstanding indebtedness of Yancoal and its subsidiaries, finance the acquisition of an additional interest in the Moolarben joint venture, fund future growth opportunities / acquisitions and for working capital / general corporate purposes.

Global Offering

Yancoal Australia Limited ACN 111 859 119 (ASX: YAL) ("**Yancoal**" or "**Company**") announces that it is in the process of undertaking a Hong Kong initial public offering of its fully paid ordinary shares ("**Shares**") on the Main Board of the Stock Exchange of Hong Kong ("**HKEx**") ("**Global Offering**").

The offer price for Shares offered in connection with the Global Offering will be determined within a range of HK\$23.48 to HK\$25.84 per Share (representing A\$4.09 to A\$4.50 per Share¹). The closing price of Yancoal shares on ASX on Friday, 23 November 2018 was A\$3.06.

A copy of the HKEx formal notice which sets out certain details in relation to the Global Offering is set out at **Annexure A** to this announcement. A copy of the final prospectus in connection with the Global Offering which has been registered with the Hong Kong Companies Registry ("**Prospectus**") and a copy of the investor presentation in relation to the Global Offering will be released to the ASX today.

Yancoal expects to announce the final pricing for the Global Offering on Friday, 30 November 2018.

¹ Based on an AU\$: HK\$ rate of 5.7405.

The Global Offering will proceed if a number of key conditions have been met, including:

- following an institutional bookbuild an Offer Price is determined within the offer price range outlined above on or before Wednesday, 5 December 2018; and
- the Company entering into the following underwriting agreements with respect to the Global Offering (“**Underwriting Agreements**”):
 - in respect of the Hong Kong Public Offering, an underwriting agreement with Morgan Stanley Asia Limited, CMB International Capital Limited, BOCI Asia Limited, Citigroup Global Markets Asia Limited, CCB International Capital Limited, China Everbright Securities (HK) Limited, Cinda International Securities Limited, Haitong International Securities Company Limited and Zhongtai International Securities Limited. This agreement was entered into on Friday, 23 November 2018; and
 - in respect of the International Offering, an underwriting agreement with Morgan Stanley & Co. International plc, CMB International Capital Limited, BOCI Asia Limited, Citigroup Global Markets Limited, CCB International Capital Limited, China Everbright Securities (HK) Limited, Cinda International Securities Limited, Haitong International Securities Company Limited and Zhongtai International Securities Limited,

which, together, provide for the underwriting of the Global Offering on the terms and conditions of the Underwriting Agreements, which are summarised in the section headed “*Underwriting*” in the Prospectus, and the Underwriting Agreements becoming and remaining unconditional and not having been terminated.

Subject to the Global Offering meeting the conditions set out in the “*Structure of the Global Offering*” section of the Prospectus, settlement of the Global Offering and commencement of trading of the Shares on the HKEx is expected to occur on Thursday, 6 December 2018.

Cornerstone investor commitments

As part of the Global Offering, the Company has entered into a cornerstone investment agreement with Shaanxi Coal and Chemical Industry Group Co., Ltd. (the “**Cornerstone Investor**”).

The Cornerstone Investor has agreed to subscribe at the Offer Price for such number of Shares (rounded down to the nearest whole board lot of 100 Shares) that may be subscribed for with an aggregate amount of approximately US\$40,000,000 (HK\$313,180,000²).

Further details are contained in the “*Cornerstone Investor*” section of the Prospectus.

Entitlement Offer

Upon the Global Offering meeting the conditions noted above, Yancoal will also announce on Friday, 30 November 2018 a pro-rata accelerated renounceable entitlement offer (“**Entitlement Offer**”) under which eligible shareholders will have the opportunity to subscribe for 0.05387 new Shares for every 1 existing

² Based on a US\$: HK\$ rate of 7.8295.

Shares in the Company which they hold at 7.00pm (Sydney, Australia time) on Tuesday, 4 December 2018 (the proposed “**Record Date**”) at the same Offer Price as determined in the Global Offering.

The Entitlement Offer will be undertaken by the Company to allow Yancoal’s eligible shareholders to maintain, so far as practicable, their pro rata shareholding interests in Yancoal. The pro rata nature of the Entitlement Offer favours existing shareholders and provides an equitable mechanism for eligible shareholders to participate.

The Entitlement Offer will comprise the following:

- (a) an **Institutional Entitlement Offer**, which will comprise an offer of rights to subscribe for Shares to three of the Company’s major shareholders, Yanzhou Coal Mining Company Limited (**Yanzhou**), China Shandong Investment Limited and Cinda International HGB Investment (UK) Limited (together, the “**Major Shareholders**”). Each Major Shareholder has committed not to take up their rights in the Institutional Entitlement Offer and to renounce those rights in favour of investors in the Global Offering. The rights of the Major Shareholders relate to approximately 87.8% of the total number of rights to subscribe for new shares to be offered under the Entitlement Offer (“**New Shares**”). As all of the Shares to be offered in the Institutional Entitlement Offer will be allocated to investors under the Global Offering, the offer of Shares under the Institutional Entitlement Offer will be fully underwritten in accordance with the Underwriting Agreements; and
- (b) the **Retail Entitlement Offer**, which will comprise the offer of rights to subscribe for Shares to the Company’s eligible shareholders (other than the Major Shareholders), and will commence on Friday, 7 December 2018 and will close on Tuesday, 18 December 2018. Entitlements cannot be sold or traded on the ASX. Entitlements not taken up, along with entitlements of ineligible retail shareholders, will be sold under a bookbuild process to be undertaken by a broker to be appointed by Yancoal (“**Bookrunner**”) (“**Retail Bookbuild**”) on Friday, 21 December 2018. The bookbuild may not necessarily result in all the Shares offered under the Retail Entitlement Offer being issued. Any proceeds in excess of the Offer Price per Share that may be achieved through the Retail Bookbuild will be remitted to Renouncing Shareholders (net of expenses and withholdings required by law) in proportion to the number of Shares represented by their renounced entitlement (“**Retail Premium**”). There is no guarantee that the Bookrunner will be able to sell all (or any) renounced entitlements or that any Retail Premium will be realised from any such sales.

Entitlements under the Retail Entitlement Offer will only be exercisable by eligible shareholders. Eligible shareholders are persons who are registered as a holder of Shares as at the Record Date, are not a Major Shareholder, have a registered address on the Company’s share register in Australia or New Zealand and are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such a person holds Shares in the Company for the account or benefit of such persons in the United States) (“**Eligible Retail Shareholders**”).

Eligible Retail Shareholders who take up their entitlement in full will also be entitled to apply for additional Shares in excess of their entitlements at the Offer Price (“**Additional New Shares**”). Additional New Shares will only be allocated to Eligible Retail Shareholders if the Retail Bookbuild does not clear above the Offer Price (and if available).

The Retail Entitlement Offer (including the Retail Bookbuild) will not be underwritten. Therefore the number of Shares to be issued on completion of the Retail Entitlement Offer will depend on the extent of the rights

being taken up by the Eligible Retail Shareholders (or by their assignees) and the Retail Bookbuild and may not necessarily result in all the New Shares offered under the Retail Entitlement Offer being issued. Accordingly, the Retail Entitlement Offer will raise up to between approximately HK\$193,000,000 to HK\$213,000,000 (representing, respectively, A\$4.09 to A\$4.50 per Yancoal share based on the Latest Practicable Date, being Friday, 18 November 2018) before costs and expenses.

Full details of the proposed timetable for the Entitlement Offer will be provided in due course.

Use of proceeds

The funds raised from the Global Offering and the Entitlement Offer will be primarily used for the following purposes:

- to repay outstanding indebtedness of the Company and its subsidiaries under the syndicated loan facility with Bank of China and China Construction Bank and potentially unsecured loans from related parties;
- to finance potential future acquisitions;
- to finance the acquisition of an additional 4% interest in the unincorporated Moolarben joint venture³; and
- for working capital and general corporate purposes.

Lock-up Arrangements

Under the Rule 10.07 of the Listing Rules of HKEx (“**HK Listing Rules**”), following the listing on HKEx, Yanzhou and Yankuang Group Company Limited (“**Yankuang**”) will be restricted from disposing of shares as follows:

- (a) for the first 6 months following listing on the HKSE, Yanzhou and Yankuang shall not “dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by [the] prospectus to be the beneficial owner”; and
- (b) for a further period of 6 months (following the expiration of the first 6 month period), Yanzhou and Yankuang shall not “dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of [its Shares] ... if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder [of Yancoal (i.e. a less than 30% shareholder)]”,

(“**Lock-up Rules**”). For the purposes of the Global Offering, both Yanzhou and Yankuang will be controlling shareholders of Yancoal. The applicable restrictions under Rule 10.07 of the HK Listing Rules are contained in an undertaking given by Yanzhou and Yankuang in favour of Yancoal and HKEx (“**Lock-ups**”).

³ Yancoal has entered into a sale and purchase agreement (**SPA**) for the purchase of an additional 4% interest in Moolarben from Korea Resources Corporation. The SPA remains conditional upon the satisfaction of certain conditions precedent. The Moolarben acquisition will raise Yancoal’s interest in the unincorporated Moolarben JV to 85%.

Importantly, the Lock-ups will not impose any restrictions on voting. Additionally, the Lock-ups will allow Yanzhou to accept into a successful takeover bid and allow securities to be transferred or cancelled as part of a merger by scheme of arrangement.

ASIC has granted a modification to section 609 of the Corporations Act (as modified by ASIC Class Order [CO 13/520]). This modification ensures HKEx will not be taken to have a relevant interest in Yancoal securities merely by virtue of the Lock-ups.

The relief also includes a modification to the substantial holding provisions of the Corporations Act such that Yancoal will be obliged to make a substantial holding disclosure under section 671B of the Corporations Act with respect to the Lock-ups on behalf of HKEx, despite the aforementioned modifications. Yancoal will make the requisite substantial holder disclosures to the market as and when required.

Market stabilisation on HKEx

In connection with the Global Offering, the price of Yancoal shares may be stabilised in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) and applicable Australian laws (including the terms of a no action letter issued by the Australian Securities and Investments Commission). Details of any intended stabilisation and how it will be regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and by virtue of the requirements of the Australian Securities and Investments Commission are contained in the Prospectus.

If the Shares trade below the Offer Price following the completion of the Global Offering on 6 December 2018, Morgan Stanley Asia Limited, as the stabilisation manager (**Stabilisation Manager**) may (for a period of ending on Saturday, 29 December 2018) undertake market stabilisation activities on the HKEx. The purchase of Shares on the HKEx during this period may have the indirect effect of stabilising the trading price for Shares on the ASX (since Shares may be “shunted” between ASX and HKEx and so it may be there will be an equilibrium between the trading prices of Shares on both markets over time).

The Stabilisation Manager may cover the over-allocations it made in the Global Offering by requiring Yancoal to issue additional new Shares equal to the number of Shares it over-allocated (**Over-Allotment Option**). If exercised fully, the Over-Allotment Option would result in Yancoal issuing an additional 8,916,200 Shares (representing 0.67% of all Shares on issue as at the date of this announcement but before the full exercise of the Over-Allotment Option, assuming that the level of take-up of the Retail Entitlement Offer is 100%). Therefore, exercise of the Over-Allotment Option will lead to the dilution of all existing shareholders, even if they exercise their entitlements in full.

These market stabilisation activities will be subject to certain conditions, including that:

- stabilising bids will only be made by the Stabilisation Manager in Hong Kong (i.e. stabilisation activities will not occur on the ASX);
- any stabilising bids by the Stabilisation Manager must not at any time be higher than the lower of the then highest price for an independent (from the Stabilisation Manager) transaction effected on the HKEx or the Stabilisation Manager’s determination of the lowest price payable for Shares by institutions under the Global Offering; and

- the purchases made by the Stabilisation Manager on a given trading day will be disclosed on the ASX market announcements platform prior to commencement of trading on the following trading day (with such disclosure to be made on a daily basis).

Other Information

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities nor is it calculated to invite any such offer or invitation.

In particular, this announcement does not constitute an offer to sell or an invitation or a solicitation of any offer to buy or subscribe for any securities in Hong Kong, the United States of America, Australia or elsewhere. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the U.S. Securities Act. The securities described herein have not been and will not be registered under the U.S. Securities Act. There will be no public offering of securities in the United States of America.

This announcement is not for release, publication or distribution, in whole or in part, in, into or from the United States of America or any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.

Ends

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T +61 2 8080 0060

Email: michael.priebe@statecraft.com.au

Important Notices

This announcement is not financial product or investment advice nor a recommendation to acquire New Shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Yancoal is not licensed to provide financial product advice in respect of New Shares.

Not for distribution or release in the United States

This announcement and any material accompanying it may not be released or distributed in the United States. This announcement and any material accompanying it does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The entitlements, New Shares and Additional New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended) (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The entitlements may not be taken up by persons in the United States and the New Shares (or additional New Shares, as the case may be) may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The New Shares and Additional New Shares to be offered and sold to Eligible Shareholders will only be sold in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S thereunder.

Forward looking statements

This announcement contains certain forward-looking statements including statements of current intention, statements of opinion and predictions as to possible future events. Forward-looking statements can generally be identified by the use of forward looking words such as “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “consider”, “foresee”, “aim”, “will” and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the outcome and effects of the Entitlement Offer. Indications of, and guidance or outlook on, future earnings, financial position, performance and strategies are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of the Company and cannot be predicted by the Company. This includes changes in circumstances or events that may cause objectives to change as well as any statements about market and industry trends, which are based on interpretations of current market conditions. They also include general economic conditions, exchange rates, interest rates, regulatory environments, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised. This announcement includes forward looking statements in relation to and the Entitlement Offer and the Company's future financial results. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on

forward-looking statements and none of the Company or any of its subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements.

Annexure A: HKEx Formal Notice

*Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Hong Kong Securities Clearing Company Limited (“**HKSCC**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an offer or an invitation to induce an offer by any person to acquire, purchase or subscribe for securities. Potential investors should read the prospectus dated 26 November 2018 (the “**Prospectus**”) of Yancoal Australia Ltd (the “**Company**”) for detailed information about the Global Offering described below before deciding whether or not to invest in the Offer Shares.*

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

*This announcement is not for release, publication, distribution, directly or indirectly, in or into the United States or any other jurisdiction where such distribution is prohibited by law. This announcement does not constitute and is not an offer to sell or a solicitation of any offer to buy securities in Hong Kong, the United States or any other jurisdiction. The Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the “**U.S. Securities Act**”) or any state securities laws of the United States and may not be offered or sold in the United States absent registration under the U.S. Securities Act or except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. There is not and it is not currently intended for there to be any public offering of securities of the Company in the United States.*

*In connection with the Global Offering, Morgan Stanley Asia Limited, as stabilising manager (the “**Stabilising Manager**”) (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager (or any person acting for it) to conduct any such stabilising action, which, if taken, (a) will be conducted at the absolute discretion of the Stabilising Manager (or any person acting for it) and in what the Stabilising Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. Such stabilisation action, if taken, may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulatory requirements, including the Securities and Futures (Price Stabilising) Rules, as amended, made under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).*

Potential investors should be aware that stabilising action cannot be taken to support the price of the Shares for longer than the stabilisation period which begins on the Listing Date and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, no further stabilising action may be taken, and demand for the Shares and the price of the Shares could fall.



Yancoal Australia Ltd

ACN 111 859 119

兗煤澳大利亞有限公司*

(Incorporated in Victoria, Australia with limited liability)

GLOBAL OFFERING

Number of Offer Shares : 59,441,900 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares : 5,944,200 Shares (subject to reallocation)
Number of International Offer Shares : 53,497,700 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price : HK\$25.84 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Stock code : 3668

Joint Sponsors

Morgan Stanley



 **BOC INTERNATIONAL**

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Morgan Stanley



 **BOC INTERNATIONAL**



Joint Bookrunners and Joint Lead Managers (in alphabetical order)



* For identification purposes only

Application has been made by the Company to the Listing Committee of the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) in issue and the Shares to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Australian Entitlement Offer. Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. on Thursday, 6 December 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 6 December 2018. Whether or not the Over-allotment Option is exercised, an announcement will be made by the Company on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.yancoal.com.au.

The Global Offering comprises the Hong Kong Public Offering of initially 5,944,200 Shares (subject to reallocation) and the International Offering of initially 53,497,700 Shares (subject to reallocation and the Over-allotment Option) representing approximately 10% and 90% of the total number of Offer Shares initially available under the Global Offering, respectively. In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the Stabilising Manager which is exercisable by the Stabilising Manager from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 8,916,200 additional Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering.

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering will be subject to reallocation as described in the section headed “*Structure of the Global Offering*” in the Prospectus. In particular, the Joint Global Coordinators shall have the right to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering. In accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 11,888,400 Offer Shares). Further details on the circumstances under which the above guidance letter would apply are set out in the section titled “*Structure of the Global Offering*” in the Prospectus.

Subject to the granting of the approval for the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The Offer Price will not be more than HK\$25.84 per Offer Share and is currently expected to be not less than HK\$23.48 per Offer Share, unless otherwise announced. Applicants under the Hong Kong Public Offering are required to pay on application, the Maximum Offer Price of HK\$25.84 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund.

Applications for the Hong Kong Offer Shares will only be considered on the basis of the terms and conditions set out in the Prospectus, the related Application Forms and the designated website for the White Form eIPO.

Important

The Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed Prospectus. The contents of the printed Prospectus are identical to the electronic version of the Prospectus which can be accessed and downloaded from the websites of the Company at www.yancoal.com.au and the Stock Exchange at www.hkexnews.hk under the “HKExnews > Listed Company Information > Latest Listed Company Information” section, respectively.

Members of the public may obtain a copy of the printed Prospectus, free of charge, upon request during normal business hours from 9:00 a.m. on Monday, 26 November 2018 until 12:00 noon on Thursday, 29 November 2018 at the following locations:

1. any of the following branches of the receiving bank for the Hong Kong Public Offering:

Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	King's Road Branch	131-133 King's Road, North Point, Hong Kong
	Central District (Wing On House) Branch	B/F-2/F, Wing On House, 71 Des Voeux Road Central, Hong Kong
Kowloon	Lam Tin Branch	Shop 12, 49 Kai Tin Road, Lam Tin, Kowloon
	Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon
New Territories	Tseung Kwan O Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O, New Territories
	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza phase II, Tuen Mun, New Territories

2. any of the following offices of the Joint Global Coordinators:
 - (a) **Morgan Stanley Asia Limited**, at 46/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong;
 - (b) **CMB International Capital Limited**, at 45/F, Champion Tower, 3 Garden Road, Central, Hong Kong;
 - (c) **BOCI Asia Limited**, at 26th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong; and
 - (d) **Citigroup Global Markets Asia Limited**, at 50/F, Champion Tower, 3 Garden Road, Central, Hong Kong; and
3. the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Details of where printed prospectuses may be obtained will be displayed prominently at every branch of Bank of China (Hong Kong) Limited where WHITE Application Forms are distributed.

During normal business hours from 9:00 a.m. on Monday, 26 November 2018 until 12:00 noon on Thursday, 29 November 2018, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed as set out in the section headed “*How to Apply for Hong Kong Offer Shares*” in the Prospectus.

Applicants who would like the Hong Kong Offer Shares to be allotted in their own names should either (i) complete and sign the **WHITE** Application Forms; or (ii) submit applications online through the designated website of the **White Form eIPO** Service Provider at www.eipo.com.hk. Applicants who would like the Hong Kong Offer Shares to be allotted in the name of HKSCC Nominees Limited and deposited directly into CCASS for credit to their CCASS Investor Participant stock accounts or the stock accounts of their designated CCASS Participants maintained in CCASS should either (i) complete and sign the **YELLOW** Application Forms; or (ii) give **electronic application instructions** to HKSCC via CCASS.

Copies of the **WHITE** Application Form may be obtained during normal business hours from 9:00 a.m. on Monday, 26 November 2018 until 12:00 noon on Thursday, 29 November 2018 from:

- any of the following offices of the Joint Global Coordinators:

Morgan Stanley Asia Limited	CMB International Capital Limited	BOCI Asia Limited	Citigroup Global Markets Asia Limited
46/F International Commerce Centre 1 Austin Road West Kowloon, Hong Kong	45/F, Champion Tower 3 Garden Road Central, Hong Kong	26th Floor Bank of China Tower 1 Garden Road Central, Hong Kong	50/F, Champion Tower, 3 Garden Road, Central, Hong Kong

- any of the following branches of the receiving bank for the Hong Kong Public Offering:

Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	King's Road Branch	131-133 King's Road, North Point, Hong Kong
	Central District (Wing On House) Branch	B/F-2/F, Wing On House, 71 Des Voeux Road Central, Hong Kong
Kowloon	Lam Tin Branch	Shop 12, 49 Kai Tin Road, Lam Tin, Kowloon
	Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon
New Territories	Tseung Kwan O Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O, New Territories
	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza phase II, Tuen Mun, New Territories

Copies of the Prospectus, together with the **YELLOW** Application Form, may be obtained during normal business hours from 9:00 a.m. on Monday, 26 November 2018 until 12:00 noon on Thursday, 29 November 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

The **WHITE** or **YELLOW** Application Form completed in accordance with the instructions printed thereon, together with a cheque or a banker's cashier order payable to "*BANK OF CHINA (HONG KONG) NOMINEES LIMITED – YANCOAL AUSTRALIA PUBLIC OFFER*", should be deposited in the special collection boxes provided at any of the branches of the receiving bank referred to above on such dates and during such times as specified in the Application Forms.

Applicants applying through the **White Form eIPO** service may submit applications through the designated website at www.eipo.com.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Monday, 26 November 2018 until 11:30 a.m. on Thursday, 29 November 2018, and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 29 November 2018, or such later time as described in the section headed "*How to Apply for Hong Kong Offer Shares – Effect of Bad Weather on the Opening and Closing of the Application Lists*" in the Prospectus.

CCASS Participants can input **electronic application instructions** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Monday, 26 November 2018 until 12:00 noon on Thursday, 29 November 2018 or such later time as described in the section headed "*How to Apply for Hong Kong Offer Shares – Effect of Bad Weather on the Opening and Closing of the Application Lists*" in the Prospectus.

Please refer to the sections headed "*Structure of the Global Offering*" and "*How to Apply for Hong Kong Offer Shares*" in the Prospectus for details of the conditions and procedures of the Hong Kong Public Offering.

The Company expects to announce the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, 5 December 2018 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company at www.yancoal.com.au and the Stock Exchange at www.hkexnews.hk. The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available from Wednesday, 5 December 2018 through a variety of channels specified in the section headed "*How to Apply for Hong Kong Offer Shares – Publication of Results*" in the Prospectus.

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price of HK\$25.84 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon), or if the conditions of the Global Offering are not fulfilled in accordance with the section headed "*Structure of the Global Offering – Conditions of the Global Offering*" in the Prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared. Further details are set out in the paragraph headed "*Refund of Application Monies*" in the section headed "*How to Apply for Hong Kong Offer Shares*" in the Prospectus.

The Company will not issue temporary documents of title in respect of the Offer Shares. Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, 6 December 2018 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed “*Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination*” in the Prospectus has not been exercised. No receipt will be issued for sums paid on application.

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Thursday, 6 December 2018. The Shares will be traded in board lots of 100 Shares. The stock code of the Shares will be 3668.

By order of the Board
Yancoal Australia Ltd
Baocai ZHANG
Chairman

Hong Kong, 26 November 2018

As of the date of this announcement, the executive Director is Mr. Fucun Wang, the non-executive Directors are Mr. Baocai Zhang, Mr. Cunliang Lai, Mr. Xiangqian Wu, Mr. Fuqi Wang, Mr. Qingchun Zhao and Mr. Xing Feng and the independent non-executive Directors are Mr. Gregory James Fletcher, Dr. Geoffrey William Raby, Mr. David James Moulton and Ms. Helen Jane Gillies.

Australia's Largest Pure-Play Coal Producer

Investor Presentation

November, 2018



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The information in this document is subject to changes and developments in economic, regulatory, market and other conditions. It should be understood that subsequent developments may affect the information in this document. None of the Company nor any of the other Limited Parties is under an obligation to update, revise or affirm the information contained herein. The information communicated in this document may contain certain statements that are or may be forward-looking that reflect the Company’s beliefs, plans, estimations and expectations about the future. These statements typically contain words such as “will”, “expects”, “plans”, “intends” and “anticipates” and words of similar import. These projections and forward-looking statements are based on the management’s currently-held expectations or beliefs, plans, estimations or expectations about the Company’s operations, market (financial and otherwise) condition, growth prospects, industry and regulatory trends and factors beyond the Company’s control, and the actual results or performance of the Company may differ materially and adversely from those expressed or implied by these forward-looking statements. By their nature forward-looking statements involve risks and uncertainties because they relate to future events or depend on circumstances that will occur in the future. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, targets, estimates or forecasts contained in this document. Against the background of these uncertainties, you should not rely on these forward-looking statements. Neither the Company, or any other Limited Party assume any responsibility to update forward-looking statements or to adapt them to future events or developments, nor do they undertake any obligation to provide any additional information or to update this document with any additional information or to correct any inaccuracies that may become apparent. Nothing contained in this document nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company. You agree and acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the future performance of the Company.

Disclaimer (Continued)



You should note that this presentation contains pro forma historical financial information. The pro forma historical information provided in this presentation is for illustrative purposes only and is not represented as being indicative of Yancoal's views on its future financial condition and/or performance. All references to 1H18 Annualised data is a reference to an amount that is double the corresponding 1H18 data reported by the Company on 15 August 2018 and does not represent a forecast or assurance by the Company that the result will be achieved.

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). The non-IFRS financial information/non-GAAP financial measures include EBITDA, net debt and others. Such non-IFRS financial information/non-GAAP financial measures do not have a standardized meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Yancoal believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this presentation.

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This document does not constitute a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and is not a disclosure document or pathfinder document for the purposes of the Corporations Act 2001 (Cth) ("Corporations Act") or other offer document under Hong Kong law, Australian law or the laws of any other jurisdiction and has not been and will not be lodged with the Australian Securities and Investments Commission ("ASIC") (or filed, registered or approved with any other regulatory authority in any other jurisdiction). This document and the information contained herein may not be reproduced in any form or redistributed in any manner to any other person, in whole or in part. In particular, neither this document nor any of the information in this document may be, directly or indirectly, taken or transmitted into or distributed in the United States (including its territories and possessions) or for the account or benefit of, 'U.S. persons' (as defined under Rule 902(k) under the U.S. Securities Act of 1993, as amended ("U.S. Securities Act")) ("U.S. Persons"), the PRC, Canada, Australia, Japan, Hong Kong or any other jurisdiction that prohibits the same, except in compliance with applicable securities laws. Any unauthorized reproduction of the information in this document may be an offence. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions and be solely responsible for any consequences arising from any such violation.

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You acknowledge that the information contained herein does not purport to be exhaustive or necessarily contain all information that may be material to the Company or a prospective investor in the Company and is provided to you for your information only. You irrevocably and unconditionally acknowledge and agree that the information contained herein is subject to corrections or change at any time without further notice and will not be updated to reflect material developments that may occur after the date of this document. You understand, and irrevocably and unconditionally acknowledge, that the provision of the information contained herein shall not be taken as any form of commitment on, or undertaking by, the Company or the Sponsors or to you to proceed with or complete any offering of shares in the Company. Nothing in this document should be construed as regulatory, valuation, legal, tax, accounting or investment advice. Before you enter into any transaction, you should ensure that you fully understand the potential risks and rewards of that transaction and you should consult with professional advisers as you deem necessary to assist you in making these determinations, including, but not limited to, your accountants, investment advisors and legal and/or tax experts.

By accessing, receiving or reviewing this document, you acknowledge and agree to the foregoing terms and conditions. Any failure to comply with such terms and conditions may constitute a violation of applicable securities laws.

Introduction



Offer Summary



Issuer	<ul style="list-style-type: none"> Yancoal Australia Limited (ASX: YAL) (“Yancoal” or the “Company”)
Listing Exchange	<ul style="list-style-type: none"> Dual Primary Listing on the Hong Kong Stock Exchange Stock code: 3668
Indicative Offer Price Range	<ul style="list-style-type: none"> HK\$23.48 – HK\$25.84 per share Represents A\$4.09 – A\$4.50 per share based on AUDHKD exchange rate of 5.74
Offering Size & Structure	<ul style="list-style-type: none"> Global Offering of 59,441,900 shares (and up to 68,358,100 shares if the 15% over-allotment option is fully exercised) Hong Kong Public Offering of 10% and International Offering of 90% (144A & Reg S), subject to reallocation
Cornerstone Investor	<ul style="list-style-type: none"> Shaanxi Coal and Chemical Industry Group Co., Ltd (US\$40MM)
Lock-up Period	<ul style="list-style-type: none"> Controlling Shareholders: 12 months Cornerstone Investor: 6 months
Use of Proceeds	<ul style="list-style-type: none"> Repayment of Debt (48%) Financing Potential Future Acquisitions (30%) Purchase of Additional 4% Interest in Moolarben (12%) Working Capital and General Corporate Purposes (10%)
Joint Sponsors	
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	
Joint Bookrunners/ Joint Lead Managers	
Offer Timetable	<ul style="list-style-type: none"> 26 – 29 November 2018: Hong Kong Public Offering 26 – 29 November 2018: Management Roadshow 29 November 2018: Expected Price Determination Date 5 December 2018: Announcement of Final Offer Price and results of allocations in the Hong Kong Public Offering 6 December 2018: Trading of Shares on Hong Kong Stock Exchange

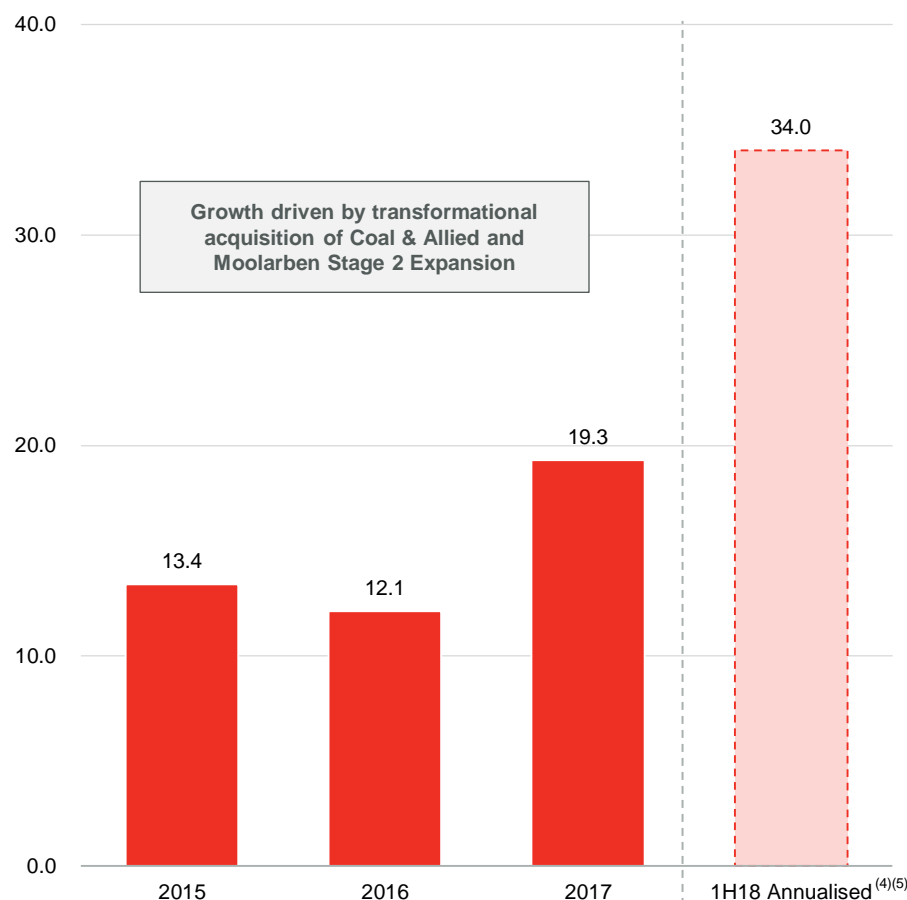
Company Overview



We are Australia's largest pure-play coal producer primarily servicing Asia's power generation industry

Yancoal Saleable Production Profile

Attributable Basis (Mt)



Source: Company Filings

Notes:

1. Market data as at 20 November 2018
2. Net Debt based on unaudited balances as at 31 October 2018. Represents A\$2,562MM of senior debt, A\$1,504MM of SHL, A\$45MM of leases less A\$545MM of cash
3. Assumes spot AUDUSD of 0.72 as at 20 November 2018
4. Annualised figures are not CY18 forecasts and are simply calculated as 2 times of 1H18 reported figures
5. Does not include production from Middlemount (incorporated joint venture) and Watagan (equity-accounted investment and deconsolidated from Yancoal in March 2016). Unit metrics on a saleable production tonne basis

Capitalisation Summary (Pre Raise)

	A\$	US\$ ⁽³⁾
Exchange Listing	ASX	
Share Price as at 20 November 2018 (\$/sh) ⁽¹⁾	3.12	2.25
Shares Outstanding (MM)	1,256	1,256
Market Cap (\$MM)⁽¹⁾	3,919	2,829
Net Debt (\$MM) ⁽²⁾	3,566	2,574
Enterprise Value (\$MM)	7,485	5,403

Source: IRESS, Company Filings

Key Operating and Financial Metrics (1H18 Annualised Basis)

<i>Annualised 1H18 Figures⁽⁴⁾</i>	A\$MM	US\$MM ⁽³⁾	A\$ / tonne ⁽⁵⁾
Saleable Production ⁽⁵⁾	34.0 Mt		
Revenue	4,694	3,389	138
Operating EBITDA	1,960	1,415	58
Profit Before Tax	1,078	778	32
Profit After Tax	722	521	21
Net Operating Cash Flow	1,424	1,028	42
Net Debt / Operating EBITDA ⁽²⁾⁽⁶⁾	1.8x		
EV / Operating EBITDA ⁽¹⁾⁽²⁾⁽⁶⁾	3.8x		
P / E ⁽⁶⁾	5.4x		
Dividend Yield ⁽⁷⁾	6.6%		

Source: IRESS, Company Filings

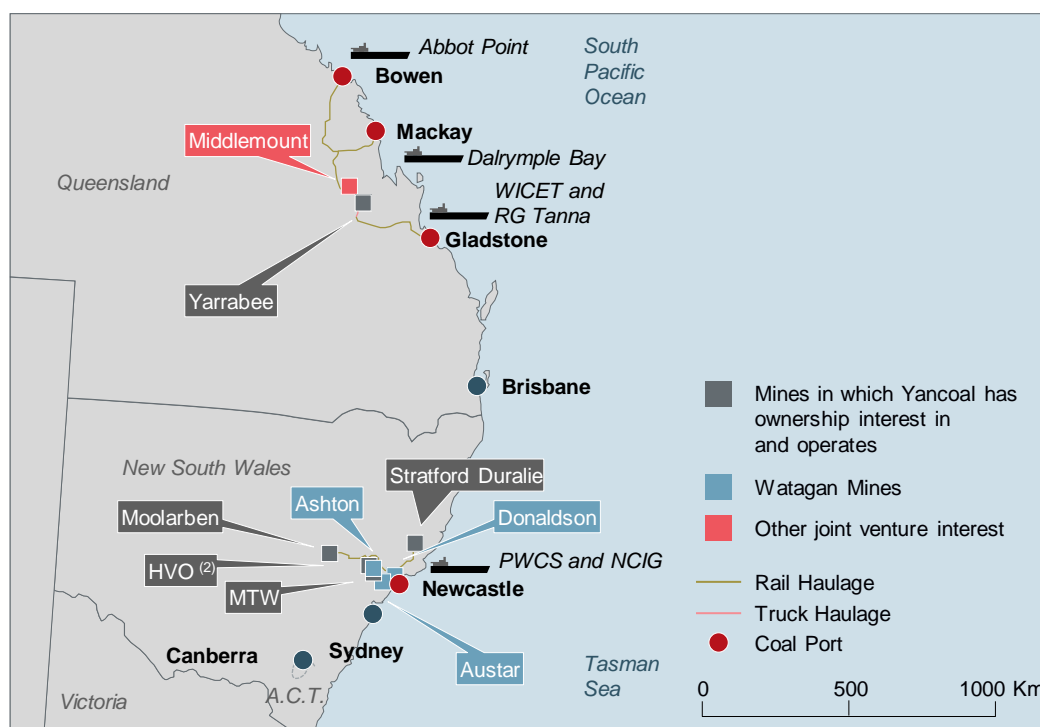
6. Ratios are based on annualised 1H18 Operating EBITDA and Profit After Tax and do not represent CY18 forecasts
7. Dividend yield based off annualised 1H18 dividend of A\$260MM (A\$130MM announced in respect of 1H18) and does not represent CY18 forecast

Portfolio Overview



A diversified portfolio of world-class coal assets comprising interests in 9 mines with supporting rail and port infrastructure

Yancoal's Portfolio



Source: Company Filings

Asset Overview⁽¹⁾

	Location	Ownership	Marketable Reserves ⁽³⁾	Resources ⁽⁴⁾	Saleable Production	
					(CY17) ⁽⁵⁾	(1H18)
Hunter Valley Operations ⁽²⁾	NSW	51%	554 Mt	3,788 Mt	14.8 Mt	6.4 Mt
Mount Thorley Warkworth	NSW	82.9%	225 Mt	1,692 Mt	11.8 Mt	6.0 Mt
Moolarben	NSW	81%	215 Mt	1,159 Mt	12.4 Mt	8.8 Mt
Stratford Duralie	NSW	100%	26 Mt	319 Mt	0.7 Mt	0.2 Mt
Yarrabee	QLD	100%	42 Mt	194 Mt	2.9 Mt	1.1 Mt
Middlemount	QLD	49.9997%	67 Mt	121 Mt	3.9 Mt	2.1 Mt
Ashton, Austar and Donaldson	NSW	100%	89 Mt	1,056 Mt	3.1 Mt	0.8 Mt
Total (100% Basis)	NSW, QLD	n/a	1,218 Mt	8,327 Mt	49.4 Mt	25.4 Mt
Total (Attributable)	NSW, QLD	n/a	837 Mt	5,916 Mt	19.3 Mt⁽⁶⁾	17.0 Mt⁽⁶⁾

Our Three Flagship Assets (Hunter Valley Operations, Mount Thorley Warkworth, Moolarben)

Watagan Mines (Stratford Duralie, Yarrabee, Middlemount, Ashton, Austar and Donaldson)

Source: Company Filings

Notes:

- Marketable Reserves, Resources and Saleable Production for individual assets are reported on a 100% basis
- HVO is operated as a 51:49 unincorporated joint venture with Glencore. The HVO JV is jointly controlled by Yancoal and Glencore through a joint venture management committee and is operated by a manager, HV Ops, which is appointed by Yancoal and Glencore and which reports to the joint venture management committee
- Marketable Reserves, Resources and Saleable Production as at 30 June 2018
- Measured, indicated and inferred Resources as at 30 June 2018
- Adjusted for full-year contribution of Coal & Allied assets and subject to limitations to the limitations and qualifications set out in the RPM Competent Person's Report
- Attributable Saleable Production does not include production from Middlemount (incorporated joint venture) and Watagan (equity-accounted investment and deconsolidated from Yancoal in March 2016)



Key Investment Highlights

Key Investment Highlights



1

Australia's largest pure-play coal producer and once listed, the largest HKSE-listed exporter of high quality seaborne thermal coal



2

World class large-scale coal mines which produce high value export coal and operate at industry-leading cash margins



3

Long-term sustainable capital structure combined with significant base of reserves / resources provides a sustainable platform for growth



4

Experienced management team well positioned to pursue growth opportunities and create further shareholder value



5

Valuable and strategic operational and trade relationships as well as strong support from key shareholders



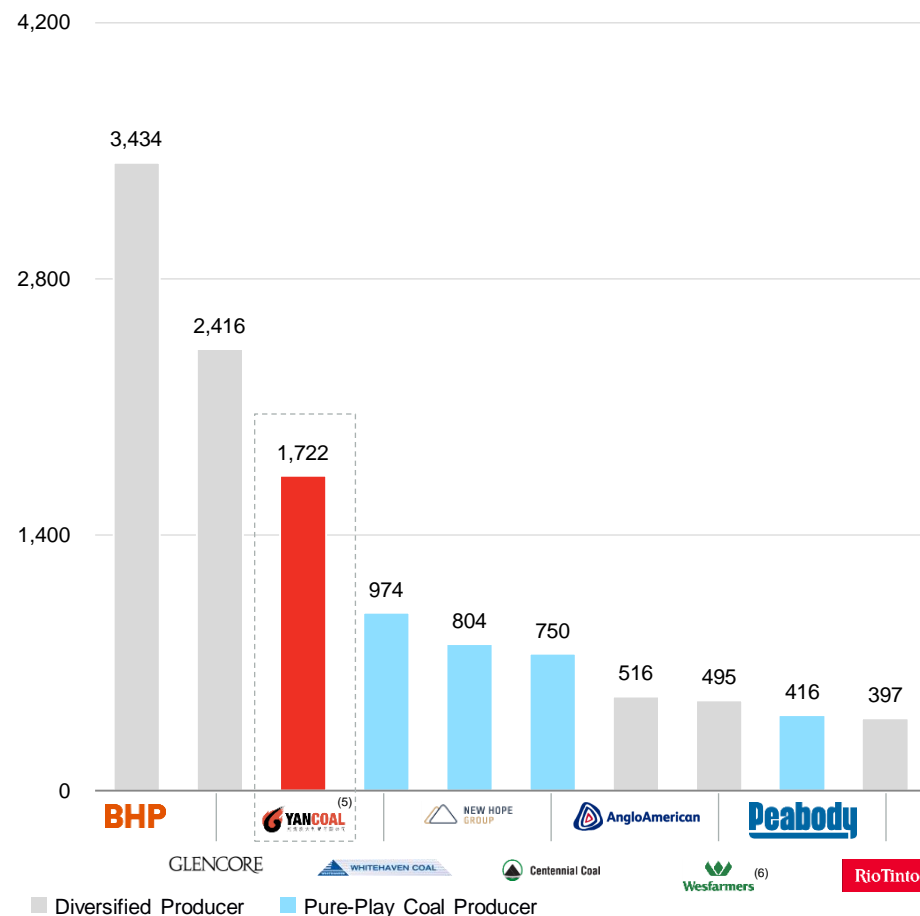
1 Australia's Largest Pure-Play Coal Producer



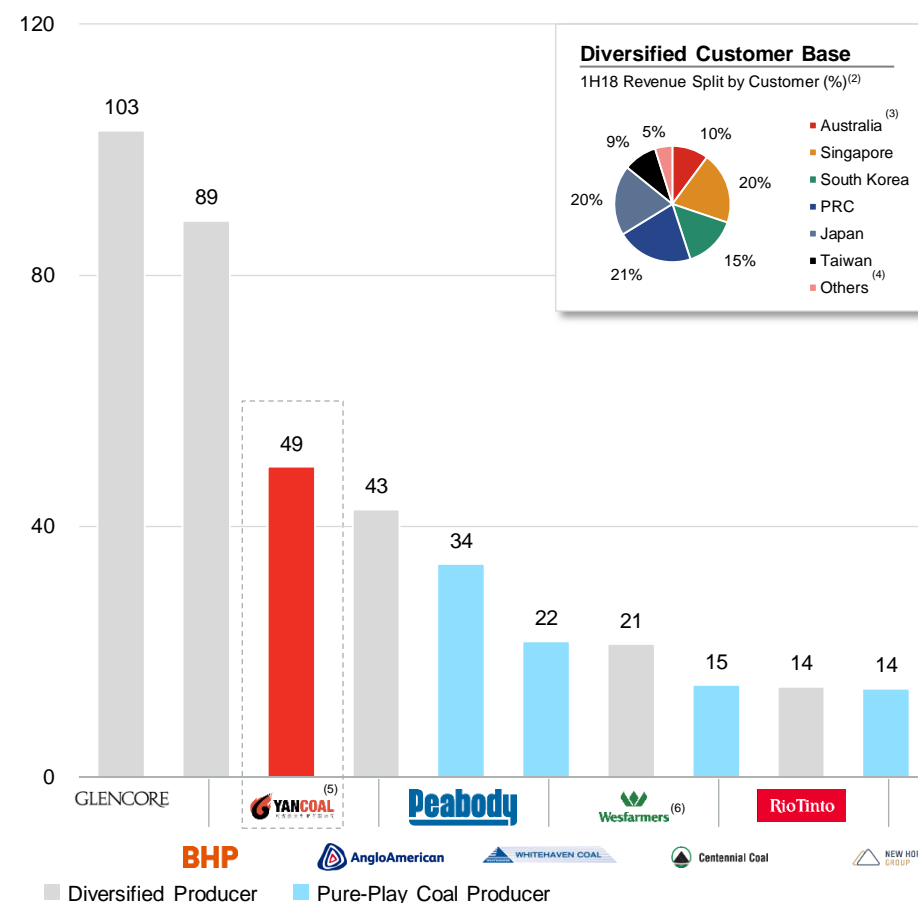
Australia's largest pure-play coal producer with a seaborne business focused on major Asian export markets including the PRC

Largest Pure-Play Coal Producer in Australia by Marketable Reserves and Production

CY17 Coal Reserves in Australia, 100% Basis (Mt)⁽¹⁾



CY17 Saleable Production in Australia, 100% Basis (Mt)⁽¹⁾



Source: Company Filings, AME Industry Report

Notes:

- Wesfarmers and Rio Tinto have divested coal assets. Wesfarmers sold Curragh coal mine in December 2017 and its interest in the Bengalla coal mine in August 2018. Rio Tinto sold interests in Hail Creek coal mine, Valeria coal project, Winchester South coal project and Kestrel coal mine in March 2018
- Revenue split shown based on revenue from external customers only and excludes fair value losses recycled from hedge reserves, interest income, mining services fees, sea freight revenue and other sources of revenue.

Source: Company Filings, AME Industry Report

1 One of The Largest HKSE-Listed Exporters of Coal⁽¹⁾



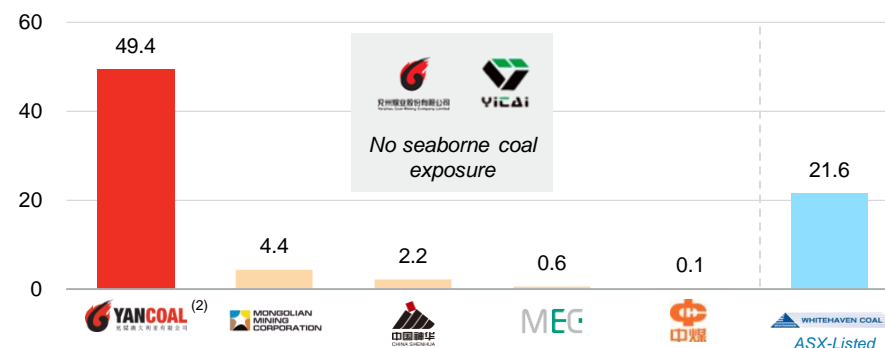
We offer HKSE investors a differentiated investment proposition focused around delivering high quality export coal

Our Investment Proposition Relative to HKSE-Listed Peers

- ✓ High margin assets located in a low-risk jurisdiction
- ✓ High quality export coal with favourable demand characteristics
 - Exposed to high efficiency low emissions ('HELE') thematic
- ✓ Diversified end markets – less exposed to China domestic coal policy
- ✓ Pure-play exposure with no other businesses outside of coal mining
- ✓ Well capitalised and deleveraging further using strong operating cashflow
- ✓ Retain SOE support and access to attractive funding sources

Largest HKSE-Listed Exporter of Coal⁽¹⁾

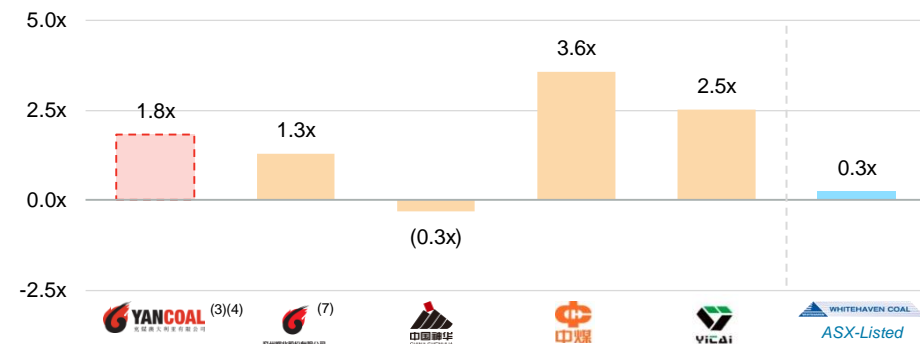
Seaborne Coal Production in 2017, 100% Basis (Mt)



Source: Company Filings, AME Industry Report

Leverage Ratio

Net Debt (as at 31 October 2018) / Annualised 1H18 Operating EBITDA for Yancoal (x)
Latest Reported Net Debt / Consensus CY18E Operating EBITDA for Peers⁽⁵⁾ (x)



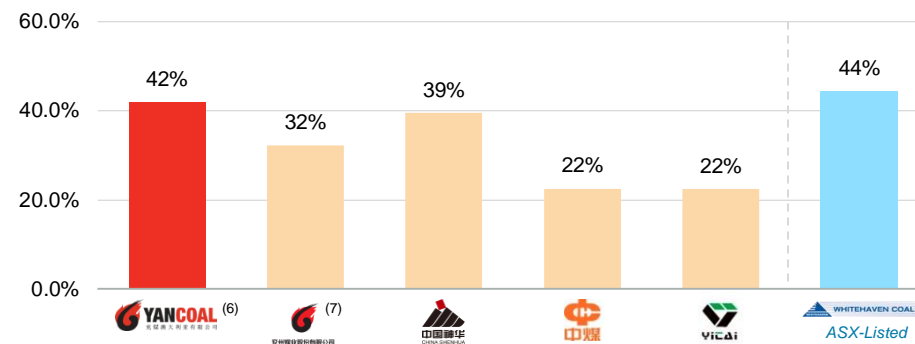
Source: Company Filings, CapitalIQ

Notes:

1. Assumed listing of Yancoal on HKSE
2. Adjusted for full-year contribution of Coal & Allied assets and subject to limitations to the limitations and qualifications set out in the RPM Competent Person's Report
3. Net Debt based on unaudited balances as at 31 October 2018. Represents A\$2,562MM of senior debt, A\$1,504MM of SHL, A\$45MM of leases and A\$545MM of cash.

Operating EBITDA Margin

1H18 Revenue / 1H18 Operating EBITDA for Yancoal (%)
Consensus CY18E Revenue / Consensus CY18E Operating EBITDA for Peers⁽⁵⁾ (%)



Source: Company Filings, CapitalIQ

4. Leverage Ratio for Yancoal calculated using annualised 1H18 Operating EBITDA and does not represent CY18 forecast
5. Peer Revenue and Operating EBITDA based on broker consensus estimates sourced from Capital IQ as at 20 November 2018
6. Operating EBITDA Margin calculated using 1H18 Revenue and 1H18 Operating EBITDA and does not represent CY18 forecast
7. Metrics for Yanzhou include 100% of Yancoal as Yanzhou fully consolidates Yancoal in its accounts

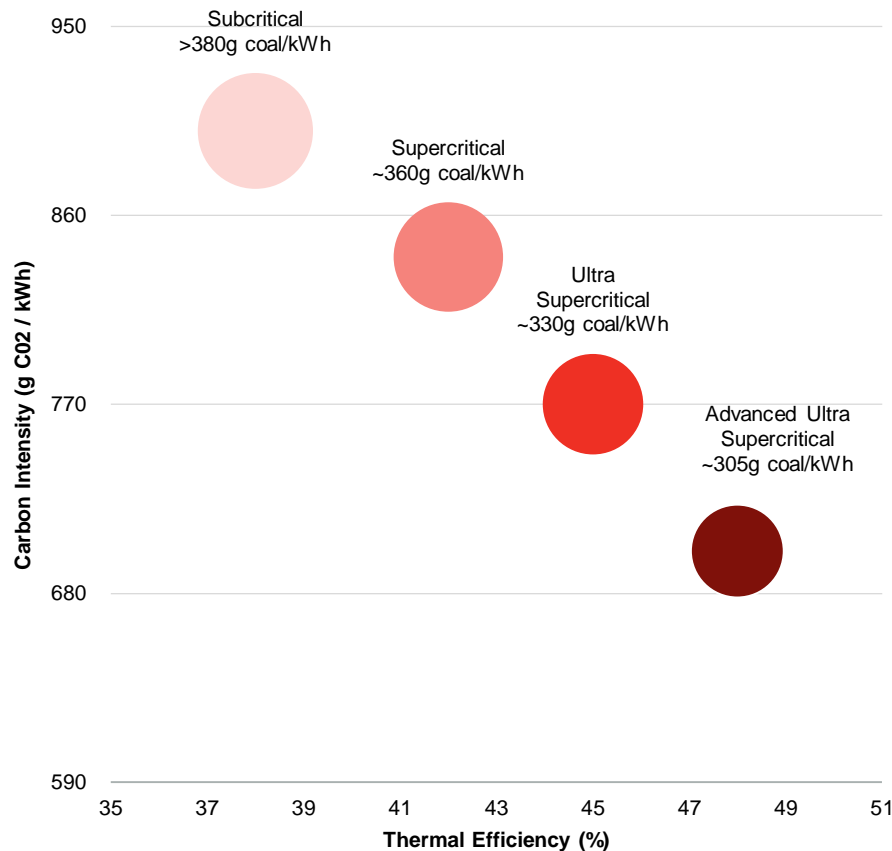
2 World Class Mines Producing High Value Coals



Our thermal coal brand is well regarded by consumers for its high energy content which allows us to secure favourable pricing

Power generators are focused on improving thermal efficiency...

Note: bubble size represents grams of coal required for each kWh of power generated



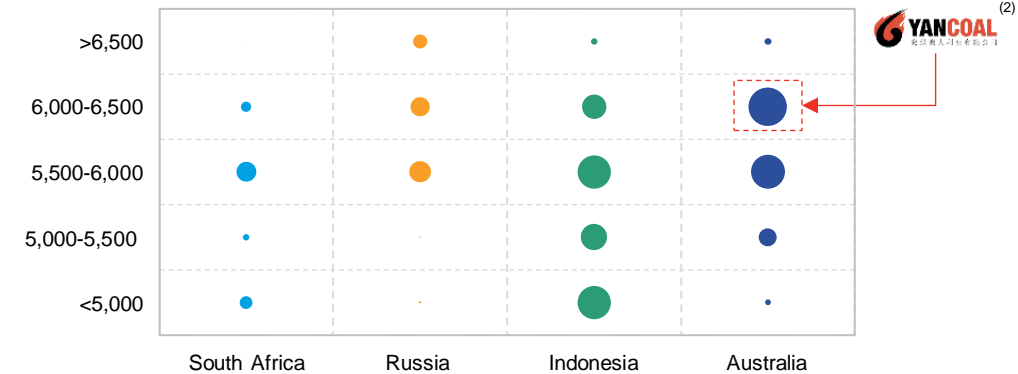
Source: AME Industry Report, International Energy Agency

Notes:

1. Ball size represents relative contribution to seaborne thermal trade
2. Refers to Yancoal's Hunter Valley Low Ash Thermal product

...which is driving demand for our high energy product⁽¹⁾

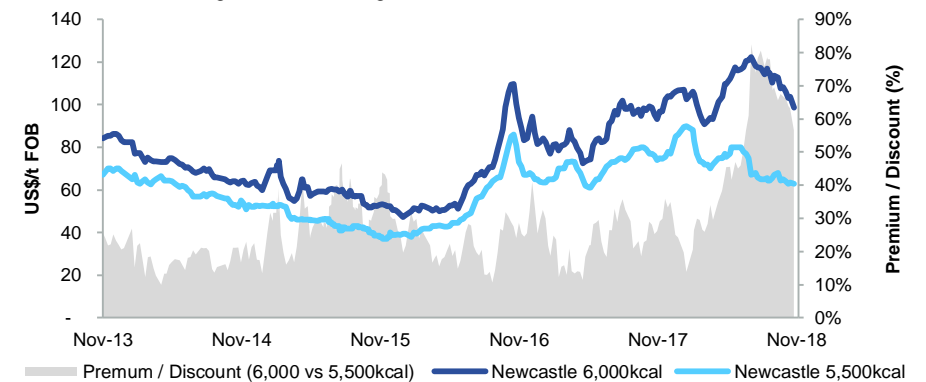
Energy Content (kcal/kg NAR)



Source: AME Industry Report

...and allows us to capture premium pricing

Newcastle 6,000 kcal/kg vs 5,500 kcal/kg NAR Price



Source: Bloomberg as at 19 November 2018

2 Industry-leading Cash Margins



Significant scale, a relentless focus on driving asset performance and premium pricing for our coal products allows us to operate at industry-leading cash margins

Continued Focus on Driving Performance of Our Asset Base

- ✓ Post C&A, we have realised and will continue to improve operational synergies by maximising adjacency benefits
- ✓ Benefits include the potential to increase marketable reserves / mine life as well as reduce strip ratios / other costs through;
 - Mining “barrier coal” (at HVO specifically);
 - Enhancing equipment utilisation and productivity;
 - Coal blending opportunities; and
 - Reducing take-or-pay liabilities through optimisation of logistics and port allocation
- ✓ We continue to seek more favourable terms across various procurement contracts

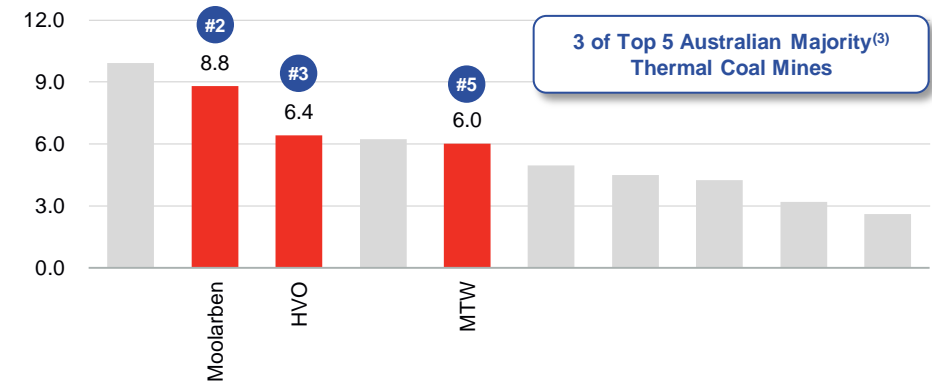
Source: Company Filings

Notes:

1. Saleable Production for Moolarben, HVO and MTW represents 1H18 reported saleable production
2. Includes all thermal and metallurgical coal production from the mine in 1H18
3. Mines where thermal coal comprises at least 50% of saleable production
4. Saleable Production for Moolarben, HVO and MTW in cash margin curve represents annualised 1H18 saleable production and do not represent CY18 forecasts
5. Saleable Production for Peers represent CY18E forecasts sourced from AME

Significant Scale Drives Efficiency, Performance and Productivity⁽¹⁾

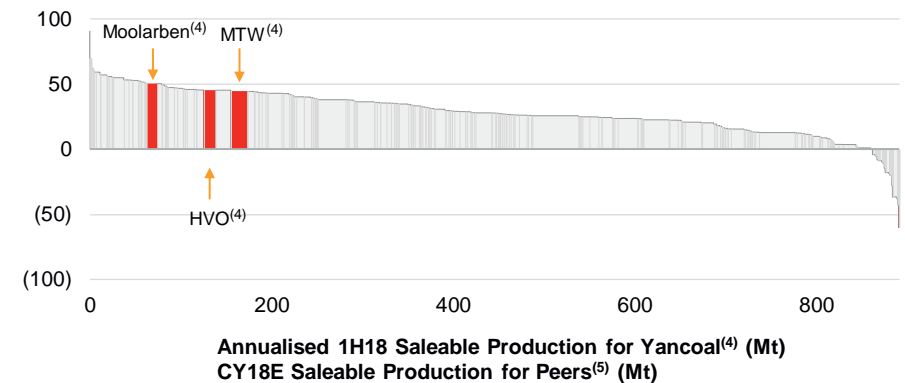
1H18 Saleable Production (100% basis, Mt)⁽²⁾



Source: Company Filings, AME Industry Report

Industry-Leading Cash Margins At our Three Flagship Mines⁽⁴⁾

Cash Margins Excluding Royalties (A\$/t)



Source: Company Filings, AME Industry Report

3 Long-term Sustainable and Disciplined Capital Structure



Our balance sheet has materially strengthened in recent years which provides a platform for future growth and further returns to shareholders

Our Approach to Capital Structure

- ✓ Balance sheet materially strengthened and well-poised to deliver future growth and shareholder returns
- ✓ Voluntary debt repayments of US\$500MM in 1H18, US\$150MM in September 2018 and US\$100MM in October 2018
- ✓ Maiden A\$130MM dividend announced in August 2018 in respect of 1H18
- ✓ Enhanced credit position allowed us to lower parent guarantee fixed rate from 2.5% p.a to 1.5% p.a
- ✓ Approximately 48% of proceeds from Offering will be used to reduce our existing indebtedness and overall cost of capital
- ✓ De-leveraging remains a key focus for Yancoal balanced with delivery of future dividends (especially given our robust cash flow profile)

Dividend Metrics

Dividends Paid	7 Sep 2018 (Record Date)	A\$130MM
Net Profit After Tax	1H2018	A\$361MM
Market Capitalisation	20 Nov 2018	A\$3,919MM
Payout Ratio		36%
Implied Dividend Yield⁽⁵⁾		6.6%

Source: Company Filings

Notes:

1. Net Debt based on unaudited balances as at 31 October 2018. Represents A\$2,562MM of senior debt, A\$1,504MM of SHL, A\$45MM of leases and A\$545MM of cash
2. Assumes Total Debt of A\$4,284MM and Total Equity of A\$5,265MM as at 30 June 2018
3. Net Debt represents Total Debt of A\$4,111MM less cash of A\$545MM as at 31 October 2018 (unaudited figures)

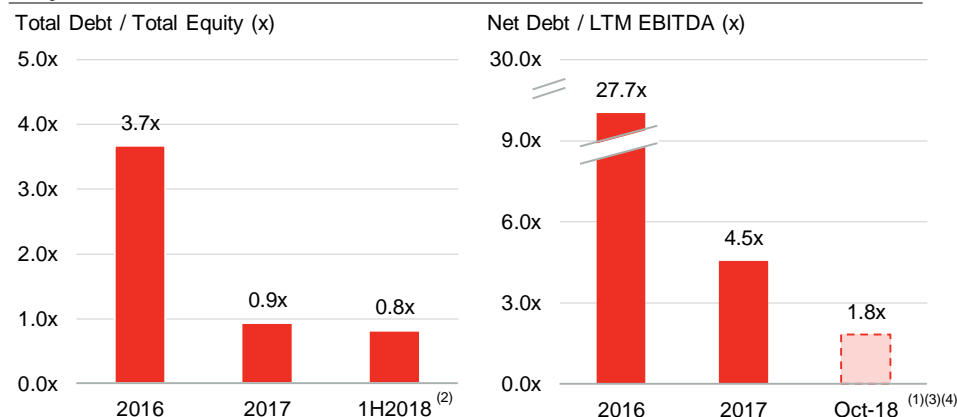
Debt Structure by Maturity

A\$MM

	31 Dec 16	31 Dec 17	30 Jun 18	31 Oct 18 ⁽¹⁾
Secured Bank Loans	3,593	3,117	2,622	2,562
Unsecured Loans from Related Parties	1,290	1,527	1,611	1,504
Secured Lease Liabilities	67	55	51	45
Total Debt	4,950	4,699	4,284	4,111
Less: Cash	(190)	(207)	(485)	(545)
Net Debt	4,760	4,492	3,799	3,566

Source: Company Filings

Key Credit Metrics



Source: Company Filings

4. Leverage Ratio calculated using annualised 1H18 Operating EBITDA and does not represent CY18 forecast
5. Dividend yield based off annualised 1H18 dividend of A\$260MM (A\$130MM announced in respect of 1H18) and does not represent CY18 forecast

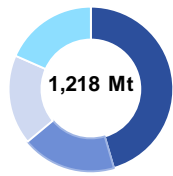
3 Sustainable Platform for Growth



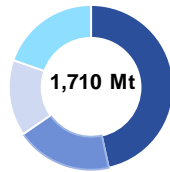
Large, high quality reserve and resource base located in a low risk jurisdiction – underpins current and anticipated production levels whilst also supporting future growth opportunities

Significant Reserve and Resource base (as at 30 June 2018)

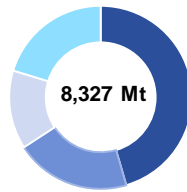
By Marketable Reserves
(100% basis)



By Total Reserves
(100% basis)



By Total Resources
(100% basis)⁽¹⁾



■ HVO⁽⁴⁾ ■ MTW ■ Moolarben ■ Other Mines⁽²⁾

Source: Company Filings

Organic growth initiatives could create material value for shareholders

**MTW
Underground**

- Significant potential for underground mining
- Opportunity to realise up to **5 to 7Mtpa ROM production increase** and augment take or pay commitments of the Group's operations
- Further confirmatory studies are required

**HVO
Boundary
Coal Pillar**

- Potential for **additional ROM coal tonnage of 100 – 120Mt** with extensions of mines
- Integrated mining planning should be conducted to realize potential upside in LOM plans and Reserves

Blending

- Additional value creation through blending based on **high value coal types**
- Blending strategy to assist in further **optimising mining operations** in the short- and long-term through establishing a consolidated pit to port blending model

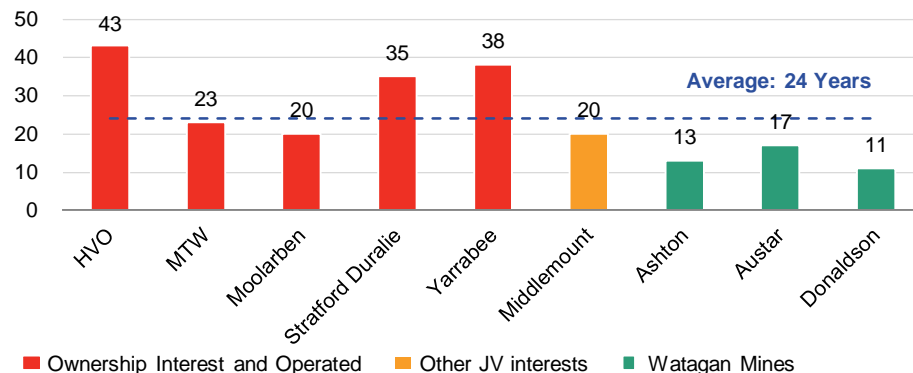
**Moolarben
Expansion**

- Increase in site **ROM coal production from 18Mtpa to 24Mtpa** through optimising the approved Stage 1 and Stage 2 operations

Source: RPM Competent Persons Report, Yancoal

Average estimated mine life of 24 years⁽³⁾

Years (#)



Source: Company Filings

Notes:

1. Includes measured, indicated and inferred resources
2. Other Mines include Stratford Duralie, Yarrabee, Middlemount and Watagan Mines (Ashton, Austar and Donaldson)
3. Mine life of each individual mine calculated as marketable reserves (as at 31 December 2017) divided by CY17 production. Average represents average of each individual mine life

4. HVO is operated as a 51:49 unincorporated joint venture with Glencore. The HVO JV is jointly controlled by Yancoal and Glencore through a joint venture management committee and is operated by a manager, HV Ops, which is appointed by Yancoal and Glencore and which reports to the joint venture management committee

4 Experienced Management Team



Management team consists of executives with deep experience in the coal sector and the financial sector, with track record of success



Baocai Zhang, Chair of the Board

- Chair of the Board since June 2018
- Previously the Co-Vice Chairman and the Chair of the Executive Committee of Yancoal Australia Ltd
- Served in a number of positions at Yanzhou, including Director of the Planning and Finance Department in 2002 and Deputy General Manager in 2011
- EMBA from Nankai University



Fucun Wang, Chair of the Executive Committee

- CEC since Jun 2018
- 30+ years of experience in the coal/mining industry
- Previous director of strategic planning and decision centre of Yankuang Group
- EMBA from Hebei Industrial University



Reinhold Schmidt, CEO

- CEO since August 2013 and led Yancoal's acquisition of Coal & Allied
- 20+ years of experience in the mining industry
- Previously COO of Xstrata Coal Queensland, and President of the Colombian coal assets of Glencore
- MSc Mining Engineering (Mineral Economics)



Lei Zhang, CFO

- CFO since March 2014 and led Yancoal's acquisition of Coal & Allied
- 20+ years of financial, commercial and M&A experience in the mining and oil & gas industries
- General Manager at Commercial, Finance, M&A at Shell Far East, Executive Director & CFO of Chinalco Mining Corp. International (HKEX: 3668) and Vice President & CFO of Chinalco Overseas Holdings, and Vice President and Real Estate CFO of Siemens North East Asia
- PHD of Economics from China Academy of Social Science Institute and MBA from Peking University



Laura Zhang, Company Secretary

- Founding executive since 2004
- Company Secretary since 2005 and Executive GM of Legal and Compliance since 2014
- BA, MA, Fellow Member of the Hong Kong Institute of Chartered Secretaries, Graduate Australian Institute of Company Directors, UNSW EMBA candidate

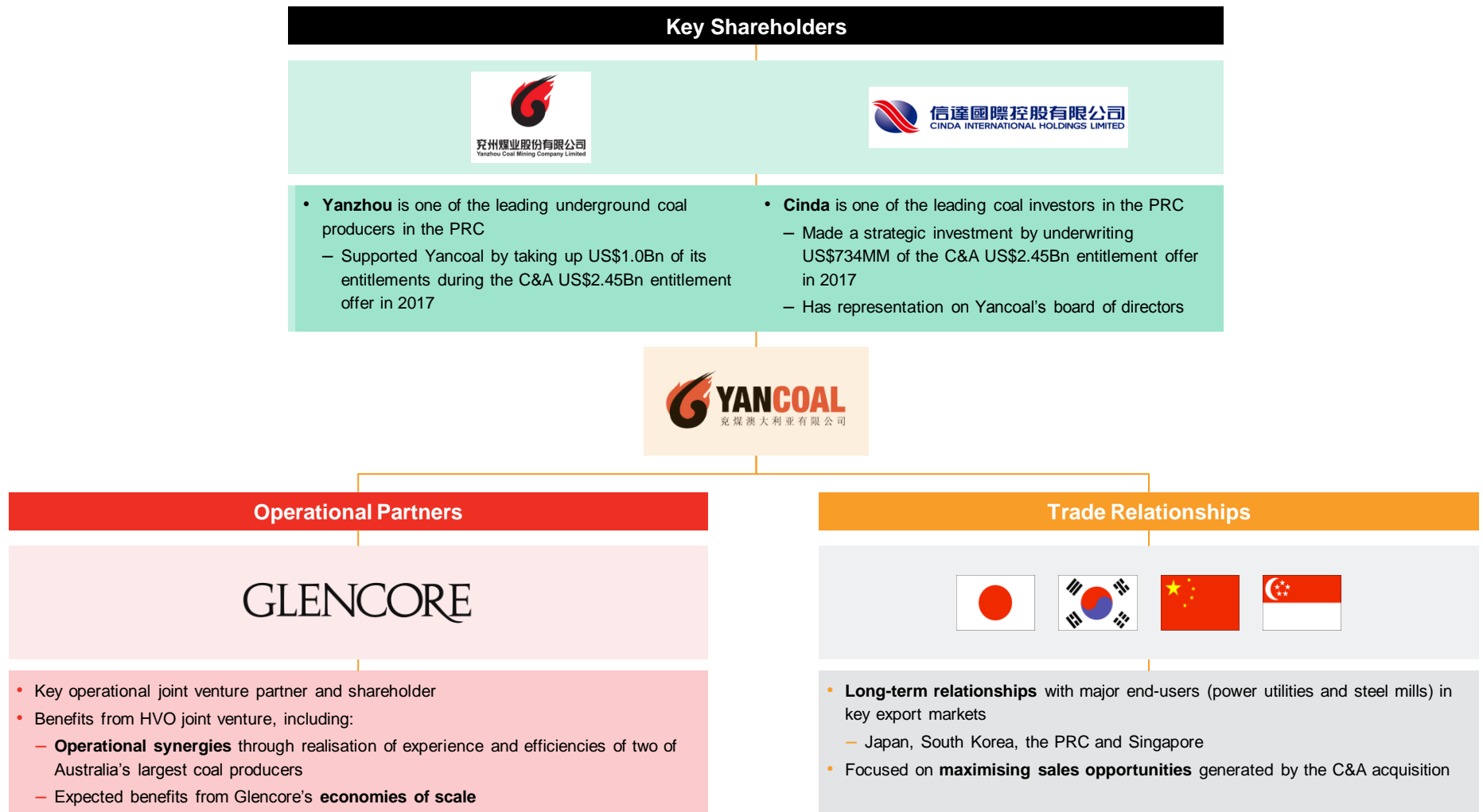
Key Achievements To Date

- ✓ Completion of the **transformative Coal & Allied acquisition**, redefining the business as Australia's largest pure-play coal producer
- ✓ Completion of Stage Two Moolarben underground mine **ahead of schedule and below budget**

5 Strong Relationships With Key Stakeholders



Valuable and strategic operational and trade relationships as well as strong support from key shareholders



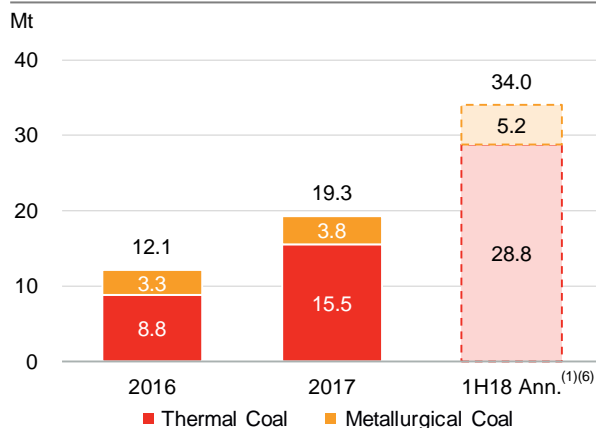


Financial Overview

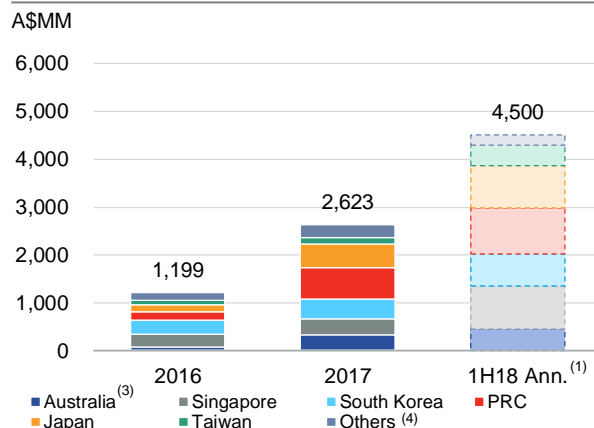
Key Operating and Financial Metrics



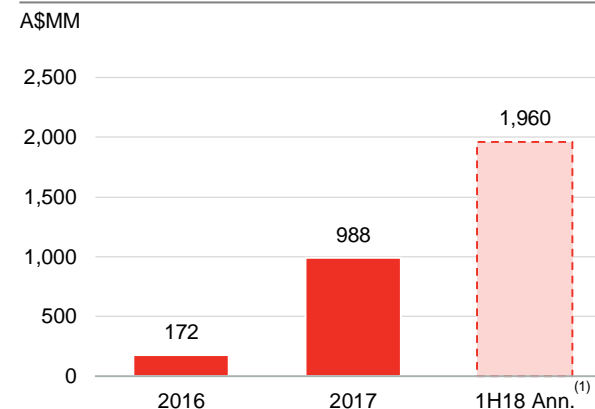
Saleable Production



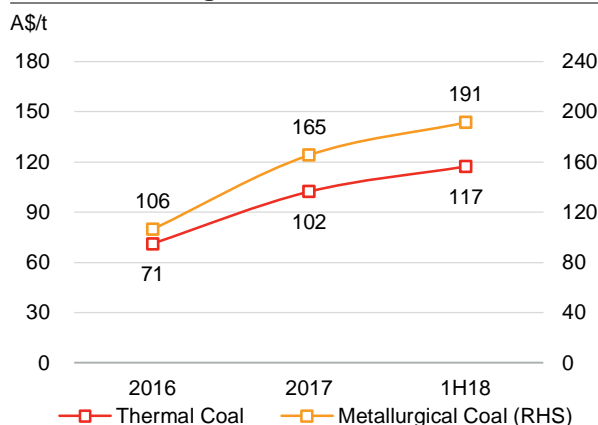
Coal Revenue by Customer⁽²⁾



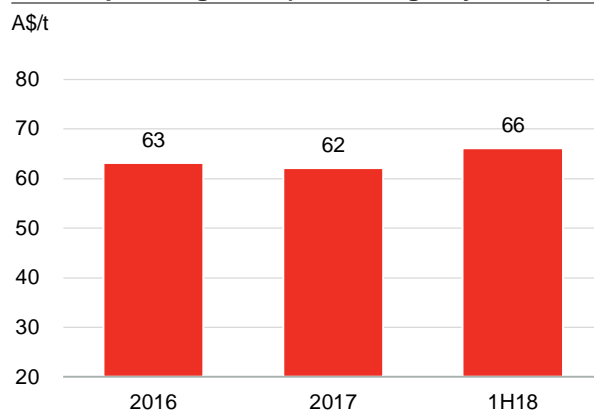
Operating EBITDA



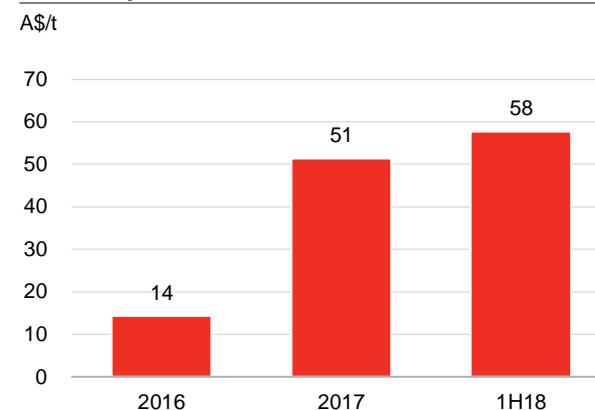
Realised Pricing



Cash Operating Cost (Excluding Royalties)⁽⁵⁾



EBITDA per Saleable Tonne Produced⁽⁶⁾



Source: Company Filings

Notes:

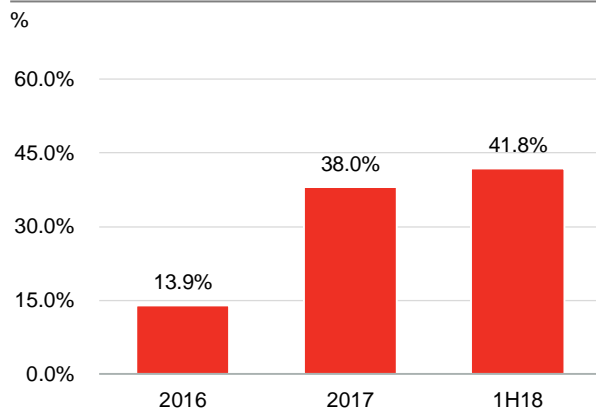
1. Annualised 1H18 figures simply reflect two times 1H18 reported figures and do not represent CY18 forecasts
2. Revenue shown in chart represents revenue from external customers only and excludes fair value losses recycled from hedging reserve, interest income, mining services fees, sea freight revenue and other sources of revenue
3. Revenue to Australian customers represent coal sales to other Australian coal companies
4. Other includes Malaysia, Vietnam, Thailand, India, Indonesia and Chile

5. Includes costs (on a saleable per tonne basis) associated with raw materials and consumables used, employee benefits, transportation and contractual services and plant hire
6. Saleable tonnes exclude production from Middlemount (incorporated joint venture) and Watagan (equity-accounted investment and deconsolidated from Yancoal in March 2016)

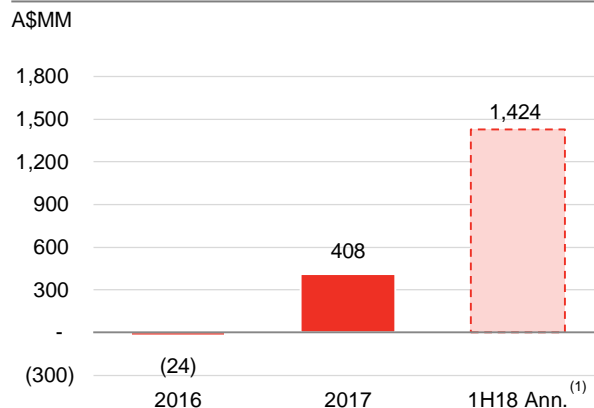
Key Operating and Financial Metrics (Continued)



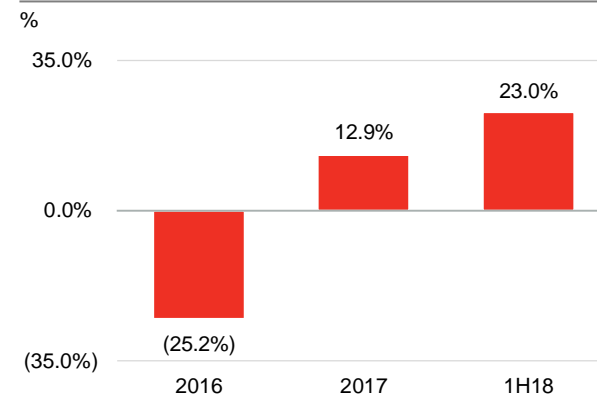
Operating EBITDA Margin



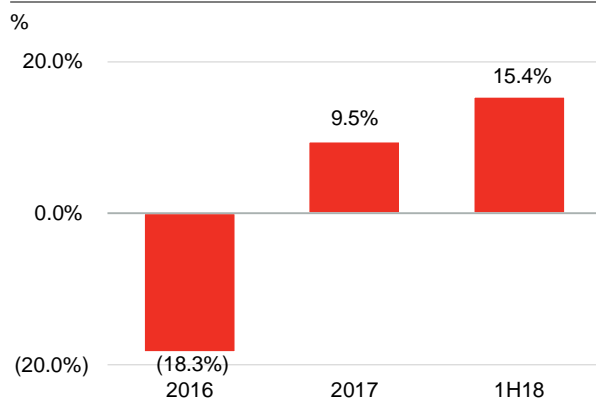
Net Cash (Used in) / Generated from Operating Activities



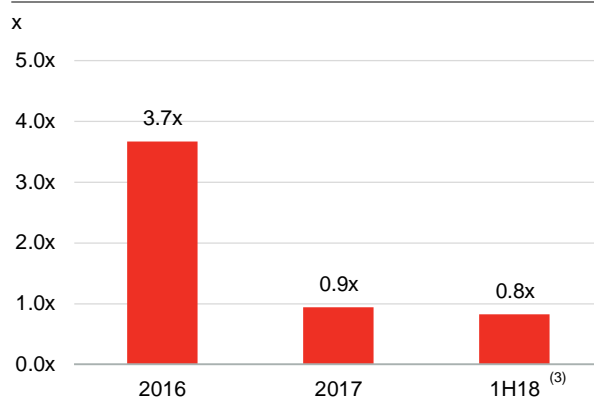
Profit / (Loss) Before Tax Margin



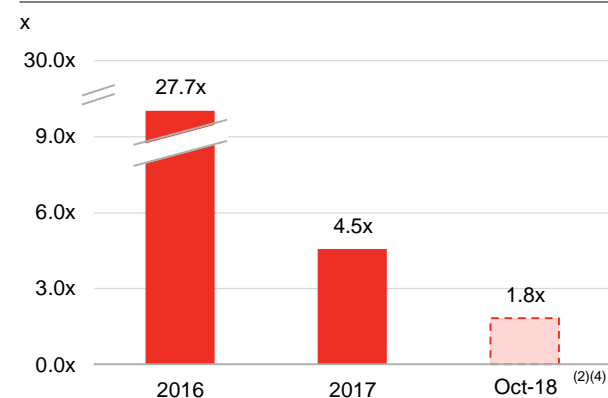
Profit / (Loss) After Tax Margin



Total Debt / Total Equity



Net Debt / LTM EBITDA



Source: Company Filings

Notes:

1. Annualised 1H18 figures simply reflect two times 1H18 reported figures and do not represent CY18 forecasts
2. Net Debt based on unaudited balances as at 31 October 2018. Represents A\$2,562MM of senior debt, A\$1,504MM of SHL, A\$45MM of leases less A\$545MM of cash
3. Assumes Total Debt of A\$4,284MM and Total Equity of A\$5,265MM as at 30 June 2018
4. Leverage Ratio calculated using annualised 1H18 Operating EBITDA and does not represent CY18 forecast

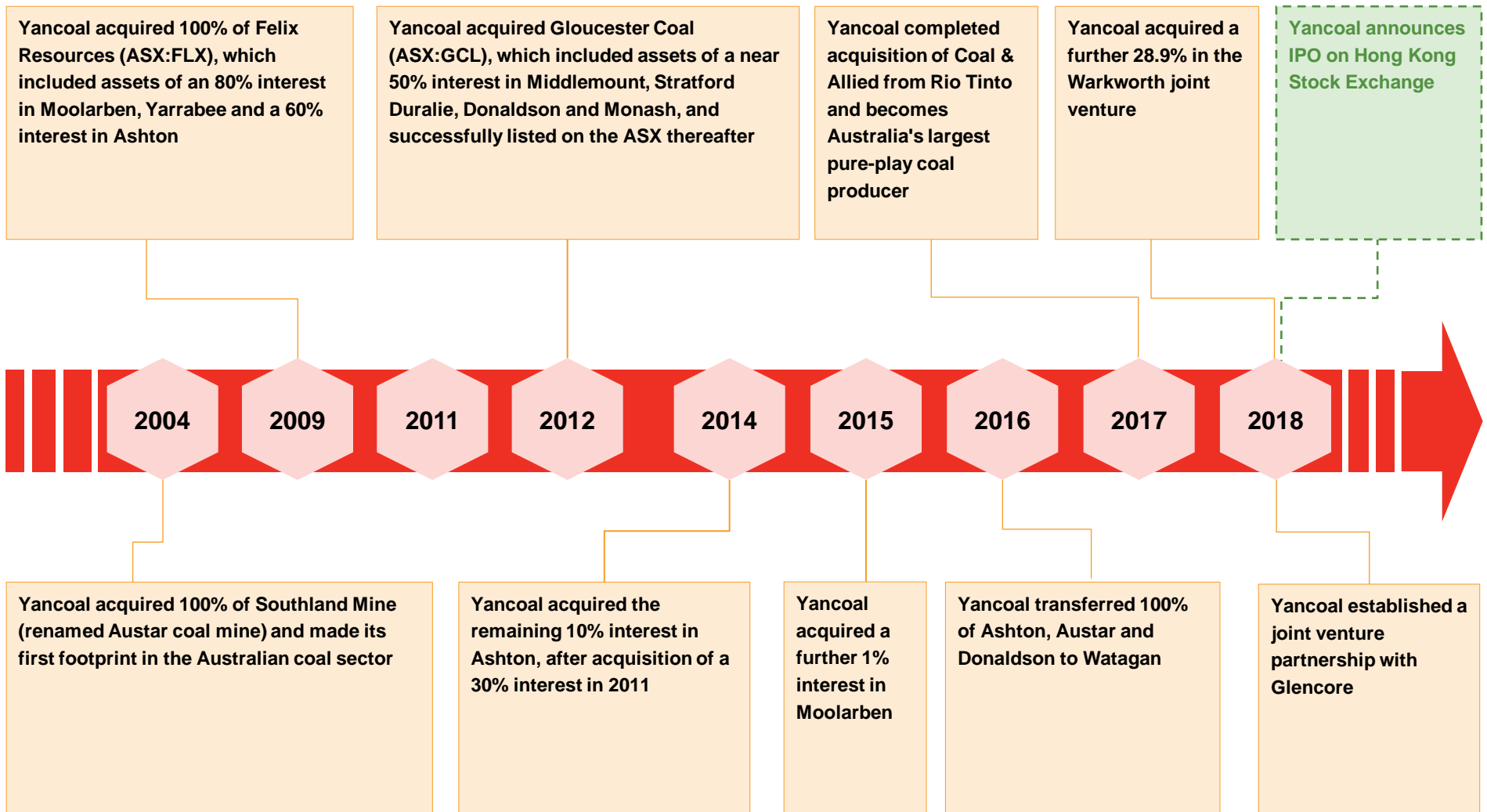
Appendix A: Yancoal's History



History and Key Milestones



Since our incorporation in 2004, we have grown through a series of successful M&A transactions and organic initiatives



Coal & Allied Acquisition Recap



Transformational acquisition by Yancoal, creating Australia's largest pure-play coal producer

Coal & Allied Acquisition

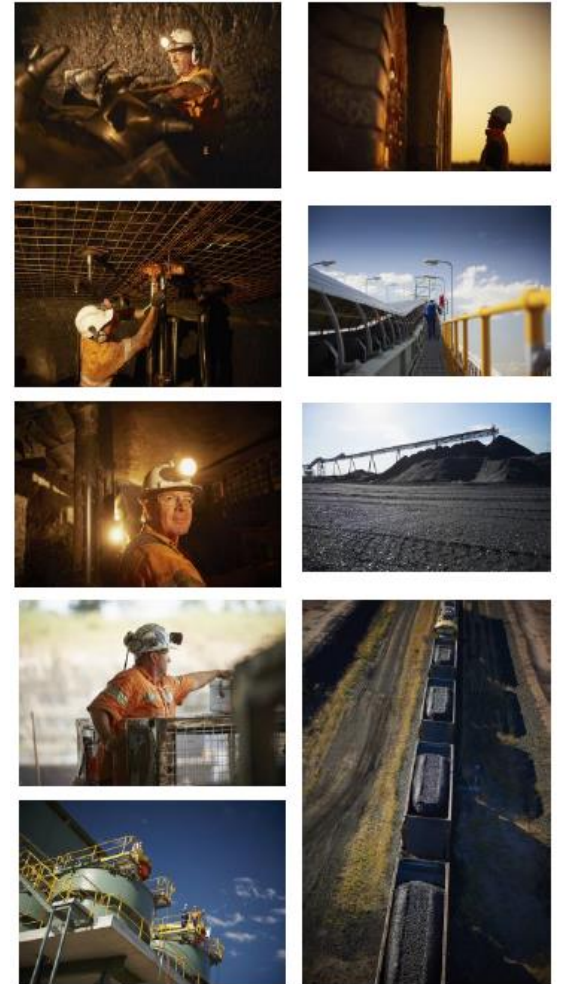
- Yancoal successfully completed the acquisition of Coal & Allied from Rio Tinto in September 2017
 - Total consideration of US\$2.45 billion in cash, US\$240 million in non-contingent royalty payments plus contingent coal-price linked royalty payments
- The transformational acquisition added two flagship Australian thermal coal operations to Yancoal's portfolio, Hunter Valley Operations ("HVO") and Mt Thorley-Warkworth ("MTW")


Glencore Joint Venture Partnership

- Following the Coal & Allied acquisition, Yancoal formed an unincorporated joint venture with Glencore in respect of HVO with Glencore owning 49% and the joint venture being managed by a manager, HV Ops, which is appointed by Yancoal and Glencore
 - As part of the Coal & Allied acquisition, Yancoal entered into a binding agreement to acquire Mitsubishi's 32.4% interest in HVO for US\$710 million
 - Glencore subsequently acquired Mitsubishi's 32.4% interest in HVO and an additional 16.6% interest from Yancoal for US\$429 million plus a share of the royalties payable by Yancoal to Rio Tinto
- Yancoal's partnership with Glencore is also intended to provide substantial incremental value potential through realization of synergies

Equity Raising & Balance Sheet Recap

- Yancoal funded the acquisition through a US\$2.5 billion equity raising, including a rights issue and placement, which was strongly supported by new and existing shareholders
 - Yancoal's major shareholder, Yanzhou provided US\$1 billion in equity funding
 - Significant support from new shareholders with Cinda, Lucion Group and Glencore becoming substantial shareholders
- The equity raising formed part of a balance sheet recapitalization together with conversion of US\$1.8 billion SCNs and US\$429 million cash from Glencore, significantly improving Yancoal's credit profile





Appendix B: Supplementary Information

1H CY18 Results Update

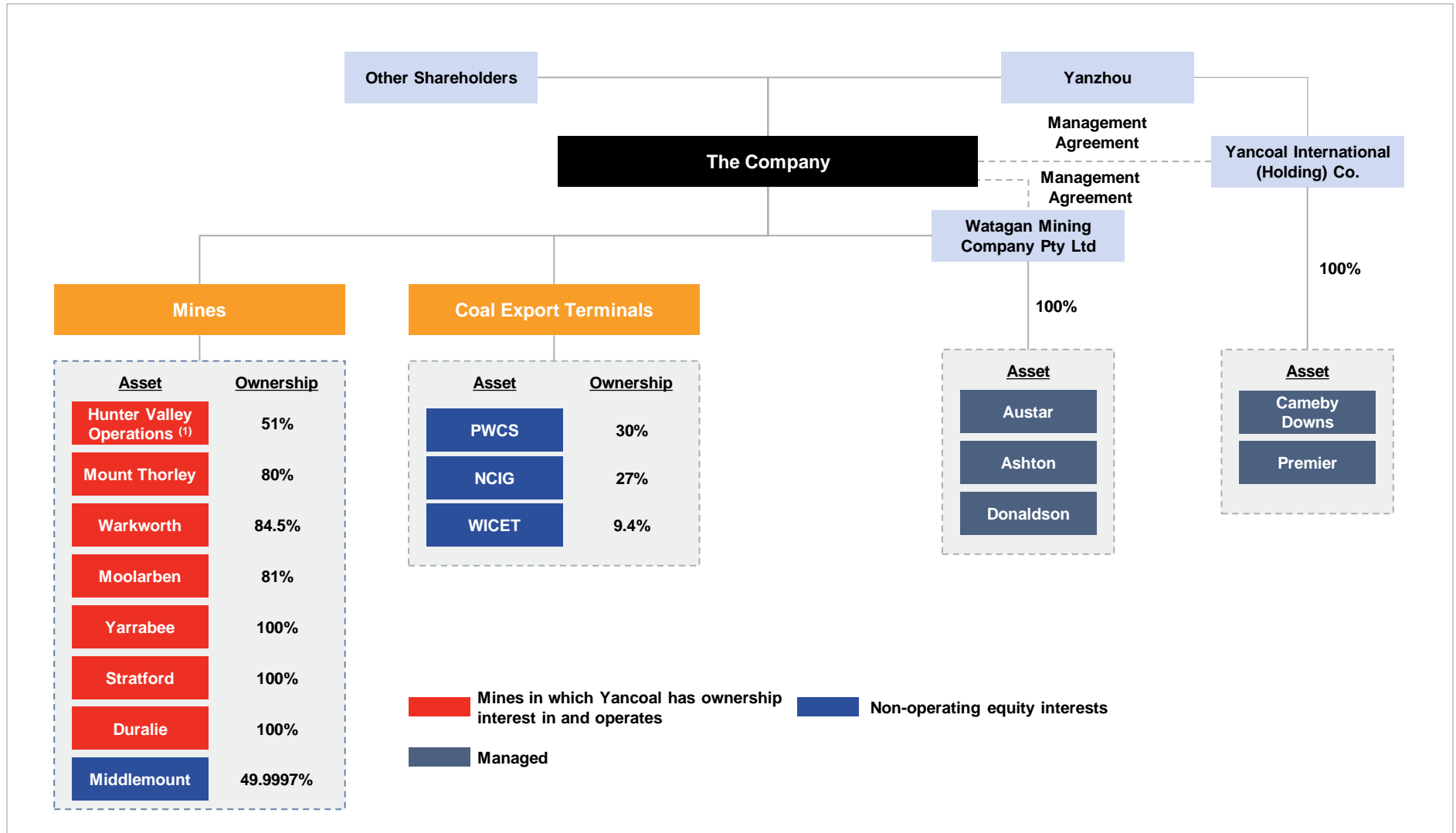


Yancoal's transformational acquisition of 100% of C&A from Rio Tinto drove immediate production and financial gains

Profit Result (A\$MM)	Half-Year Ended June 2018	Half-Year Ended June 2017	Full Year Ended December 2017	Full Year Ended December 2016
Revenue from Continuing Operations	2,347	832	2,601	1,238
Operating EBITDA	980	277	988	172
Operating EBIT	736	197	732	39
Finance Costs	(152)	(105)	(287)	(209)
Bank Fees and Other Charges	(62)	(49)	(109)	(113)
Interest Income	58	57	114	125
Gain on Disposal / Acquisition of Interest in Joint Operation and Subsidiaries	78	-	177	-
Impairment Reversal of Mining Tenements	-	-	100	-
Fair Value Losses Recycled from Hedge Reserve	(45)	(101)	(229)	(133)
Remeasurement of Royalty Receivable	2	2	8	(6)
Transaction Costs	(10)	(21)	(33)	(3)
Stamp Duty Expensed	(16)	(3)	(167)	(12)
Write-down of Financial Assets	(50)	-	-	-
Receipts from Joint Venture Participant	-	5	5	-
Profit / (Loss) before Income Tax	539	(18)	335	(312)
Net Profit / (Loss) after Income Tax	361	(14)	246	(227)

Source: Company Filings

Organisational Structure



Notes:

1. HVO is operated as a 51:49 unincorporated joint venture with Glencore. The HVO JV is jointly controlled by Yancoal and Glencore through a joint venture management committee and is operated by a manager, HV Ops, which is appointed by Yancoal and Glencore and which reports to the joint venture management committee

Reserves and Resources By Mine



As at 30 June 2018, Yancoal has Coal Reserves of 1,710Mt, Marketable Coal Reserves of 1,218Mt and Coal Resources of 8,327Mt (on 100% basis)

- On an attributable basis, Yancoal's Coal Reserves were 1,178Mt, Marketable Coal Reserves were 837Mt and total Coal Resources (measured, indicated and inferred) were 5,916Mt (as at 30 June 2018)
- The three flagship mines amount to ~80% of Coal Reserves, Marketable Coal Reserves and Coal Resources

Coal Reserves (Proved and Probable, as at 30 Jun 2018, on a 100% basis)⁽¹⁾

	Mines in which Yancoal has ownership interests in and operates					Other Joint Venture Interests	Watagan Mines			Total
	HVO (OC)	MTW (OC)	Moolarben (OC/UG)	Stratford Duralie (OC)	Yarrabee (OC)	Middlemount (OC)	Ashton (OC/UG)	Austar (UG)	Donaldson (UG)	
Coal Reserves (Mt)	796	MT: 8 W: 314	OC: 189 UG: 67	44	55	87	OC: 14 UG: 33	41	62	1,710
Marketable Coal Reserves (Mt)	554	MT: 5 W: 220	OC: 148 UG: 67	26	42	67	OC: 8 UG: 18	31	32	1,218
Product Type	Met/ Thermal	Met/ Thermal	Thermal	Met/ Thermal	Met/ Thermal	Met/ Thermal	Met	Met/ Thermal	Thermal	–
80% of Total Coal Reserves, and 82% of Marketable Coal Reserves										

Coal Resources (as at 30 Jun 2018, on a 100% basis)⁽²⁾

	Mines in which Yancoal has ownership interests in and operates					Other Joint Venture Interests	Watagan Mines			Total
	HVO (OC)	MTW (OC)	Moolarben (OC/UG)	Stratford Duralie (OC)	Yarrabee (OC)	Middlemount (OC)	Ashton (OC/UG)	Austar (UG)	Donaldson (UG)	
Measured (Mt)	704	MT: 27 W: 197	OC: 438 UG: 287	OC: 11 UG: –	94	73	OC: 25 UG: 52	70	OC: 10 UG: 178	2,165
Indicated (Mt)	1,430	MT: 75 W: 713	OC: 105 UG: 131	OC: 196 UG: 1	80	47	OC: 49 UG: 18	80	OC: – UG: 326	3,249
Measured and Indicated (Mt)	2,134	MT: 102 W: 910	OC: 543 UG: 418	OC: 207 UG: 1	174	120	OC: 74 UG: 70	150	OC: 10 UG: 503	5,414
Inferred (Mt)	1,654	MT: 153 W: 527	OC: 69 UG: 129	OC: 76 UG: 35	20	1	OC: 70 UG: 15	69	OC: – UG: 95	2,913
Total	3,788	MT: 255 W: 1,437	OC: 612 UG: 547	OC: 283 UG: 36	194	121	OC: 144 UG: 85	219	OC: 10 UG: 598	8,327
80% of Total Measured, Indicated and Inferred Resources										

Notes:

- Attributable data is based on our effective ownership interest as at the Latest Practicable Date and is provided on an aggregate, not per mine, basis
- As defined in the JORC Code and as at 30 June 2018. Total Coal Resources = Measured + Indicated + Inferred coal resources

Summary of Yancoal's Product Suite



		Hunter Valley			Queensland	
		Low Ash Thermal	High Ash Thermal	SSCC	PCI	Coking Coal
Calorific Value	<i>kcal / kg</i>	6,322	<6,322	6,784	6,767	NA
Ash	%	≤15	>15	9.5	11.5	10
Total Moisture	%	10	10	10	9	10
Fixed Carbon	%	53	53	52	77.8	69.5
Sulphur	%	0.55	0.55	0.65	0.68	0.43
Phosphorous	%	0.008	0.008	0.023	0.096	0.039
Volatile Matter	%	31	31	36	9.2	19
HGI	#	50	50	50	72	85
Free Swelling Index	#	NA	NA	7	NA	6
Fluidity	<i>ddpm</i>	NA	NA	150	NA	20

Source: Company Filings

Hunter Valley Operations

Yancoal
Owned & Operated

Other JV
Interests

Watagan
Mines

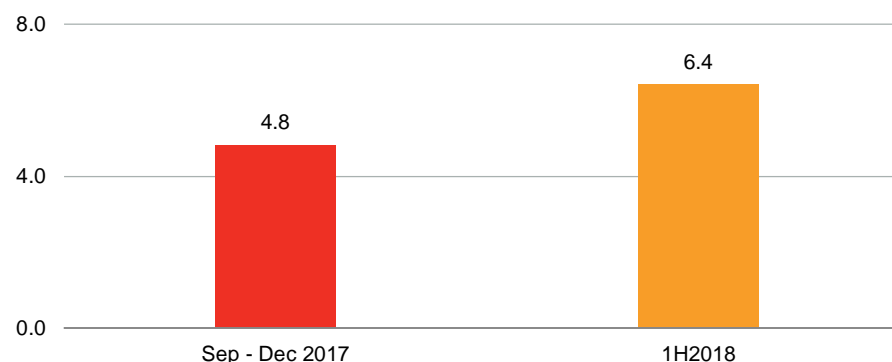


Key Metrics

Location	New South Wales, Australia
Mine Type	Open Cut
Year of Initial Operation	1949
Ownership (%)	51.0%
Coal Resources (OC + UG) (100% basis) ⁽¹⁾	Measured: 704Mt Indicated: 1,430Mt Measured + Indicated: 2,134Mt Inferred: 1,654Mt Total: 3,788Mt
Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	796Mt
Marketable Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	554Mt
Mine Life	43 years
Product Type	Thermal / Semi Soft Coking

Marketable Coal Production (Mt) (100% basis)⁽²⁾

Production (Mt)



Commentary

- World-class tier-one thermal coal asset
- Located at 24 km north-west of Singleton in the Hunter Valley Basin of NSW, HVO is operated as an unincorporated joint venture with Glencore
- HVO is a multi-pit open cut mine, using dragline, and truck and shovel methods. ROM coal is processed through two on-site coal preparation plants to produce semi-soft coking coal and low, medium and high ash thermal coal for the export market. Product coal is railed through the Hunter Valley rail network and shipped via the Port Waratah Coal Terminal in Newcastle
- Subsequent to completion of the acquisition on 1 September 2017, HVO achieved saleable coal production of 4.8Mt in the four-month period in 2017 and 6.4Mt in the first half of 2018
- HVO has expansion potential, and operational synergies with Glencore, including mining coal from barriers between mines of the two companies

Notes:

1. As at 30 June 2018

2. For 2017, only 4 months of production from 1 September 2017, following completion of the Coal & Allied transaction. Source: Annual Report & Quarterly Activities Report

Mount Thorley Warkworth

Yancoal
Owned & Operated

Other JV
Interests

Watagan
Mines

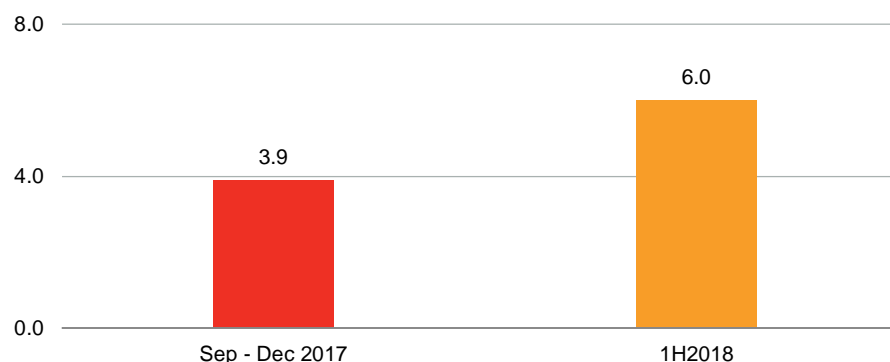


Key Metrics

Location	New South Wales, Australia
Mine Type	Open Cut
Year of Initial Operation	1981
Ownership (%)	82.9%
Coal Resources (OC + UG) (100% basis) ⁽¹⁾	Measured: 27Mt (MT), 197Mt (W) Indicated: 75Mt (MT), 713Mt (W) Measured + Indicated: 102Mt (MT), 910Mt (W) Inferred: 153Mt (MT), 527Mt (W) Total: 255Mt (MT), 1,437Mt (W)
Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	8Mt (MT), 314Mt (W)
Marketable Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	5Mt (MT), 220Mt (W)
Mine Life ⁽³⁾	23 years
Product Type	Thermal / Semi Soft Coking

Marketable Coal Production (Mt) (100% basis)⁽²⁾⁽³⁾

Production (Mt)



Commentary

- World-class tier-one thermal coal asset
- MTW is an integrated operation of two open cut mines located adjacent to each other, 15 km south-west of Singleton in the Hunter Valley of NSW
- MTW operates through multiple pits, using dragline, and truck and shovel methods. ROM coal is processed through two on-site coal preparation plants to produce semi-soft coking coal and low, medium and high ash thermal coal for the export market. Product coal is railed through the Hunter Valley rail network and shipped via the Port Waratah Coal Terminal in Newcastle
- Subsequent to completion of the acquisition on 1 September 2017, MTW achieved saleable coal production of 3.9Mt in the four-month period in 2017 and 6.0Mt in the first half of 2018
- Following preliminary studies, we have commissioned further drilling and technical assessments to consider the feasibility of a potential underground opportunity at MTW

Notes:

1. As at 30 June 2018

2. For 2017, 4 months of production from 1 September 2017, following completion of the Coal & Allied transaction. Source: Annual Report & Quarterly Activities Report

3. Source from Yancoal Prospectus and Quarterly Activities Reports

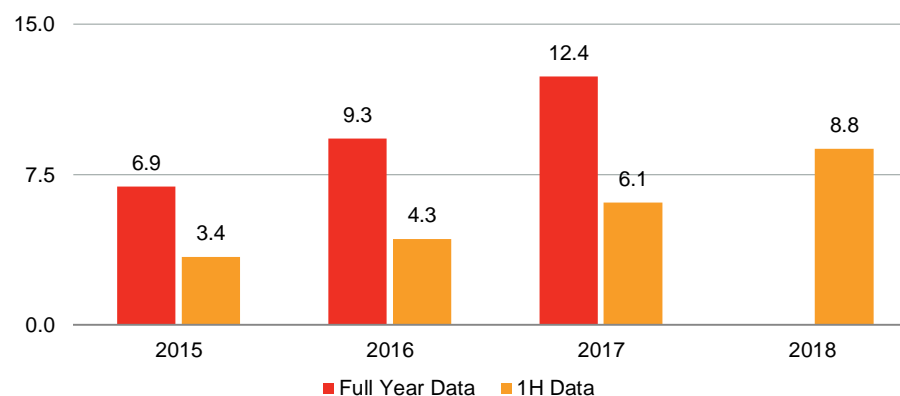


Key Metrics

Location	New South Wales, Australia
Mine Type	Open Cut and Underground
Year of Initial Operation	2010
Ownership (%)	81%
Coal Resources (OC + UG) (100% basis) ⁽¹⁾	Measured: 438Mt (OC), 287Mt (UG) Indicated: 105Mt (OC), 131Mt (UG) Measured + Indicated: 543Mt (OC), 418Mt (UG) Inferred: 69Mt (OC), 129Mt (UG) Total: 612Mt (OC), 547Mt (UG)
Coal Reserves (OC+UG) – Proven and Probable (100% basis) ⁽¹⁾	189Mt (OC), 67Mt (UG)
Marketable Coal Reserves (OC+UG) – Proven and Probable (100% basis) ⁽¹⁾	148Mt (OC), 67Mt (UG)
Mine Life ⁽²⁾	20 years
Product Type	Thermal

Marketable Coal Production (Mt) (100% basis)⁽²⁾

Production (Mt)



Commentary

- Located within the western coalfields of New South Wales, Moolarben is a Tier One open-cut and underground complex producing export quality thermal coal
- Expansion of the Moolarben complex continued in 2017 with the successful commissioning of the new underground mine and commencement of longwall production in October 2017 on schedule and on budget
- In 2017, production at the open cut and underground mines achieved total ROM production of 14.7Mt and saleable coal production of 12.4Mt
- Now fully developed, the integrated Moolarben Coal Complex (Stage One and Stage Two) has approval to produce up to 21Mt of ROM coal per annum

Notes:

1. As at 30 June 2018

2. Source from Yancoal Prospectus and Quarterly Activities Reports

Stratford Duralie (Gloucester)

Yancoal
Owned & Operated

Other JV
Interests

Watagan
Mines

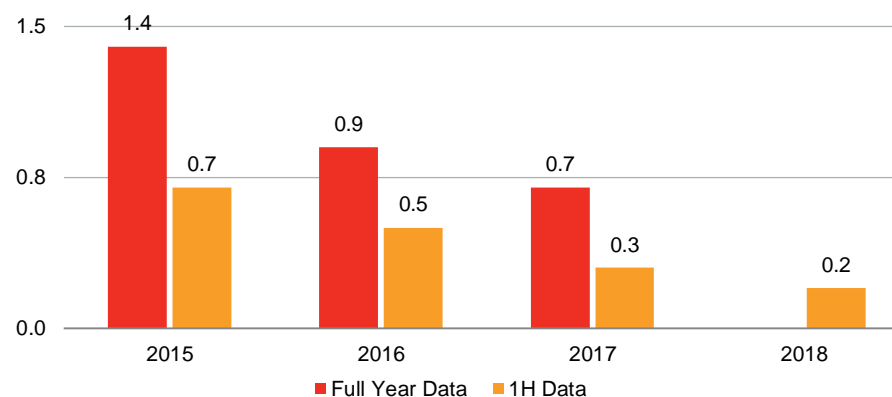


Key Metrics

Location	New South Wales, Australia
Mine Type	Open Cut
Year of Initial Operation	1995
Ownership (%)	100%
Coal Resources (OC) (100% basis) ⁽¹⁾	Measured: 11Mt (OC) Indicated: 196Mt (OC), 1Mt (UG) Measured + Indicated: 207Mt (OC), 1Mt (UG) Inferred: 76Mt (OC), 35Mt (UG) Total: 283Mt (OC), 36Mt (UG)
Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	44Mt (OC)
Marketable Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	26Mt (OC)
Mine Life ⁽²⁾	35 years
Product Type	Thermal / Met

Marketable Coal Production (Mt) (100% basis)⁽²⁾

Production (Mt)



Commentary

- Located within the Gloucester Basin of NSW, the Stratford Duralie operation produces high fluidity semi-soft coking and thermal coals
- Stratford Duralie capitalised on improved mining conditions established in the first half of 2017 following a redesign of the mine in late 2016, enabling sustained extraction rates
- In 2017, Stratford Duralie achieved total ROM coal production of 0.9Mt and saleable coal production of 0.7Mt
- Mining activity at the Duralie mine continues to wind down and operational focus moves to the commencement of production of the 1.2Mt ROM per annum Stratford extension project in the latter half of 2018

Notes:

1. As at 30 June 2018

2. Source from Yancoal Prospectus and Quarterly Activities Reports

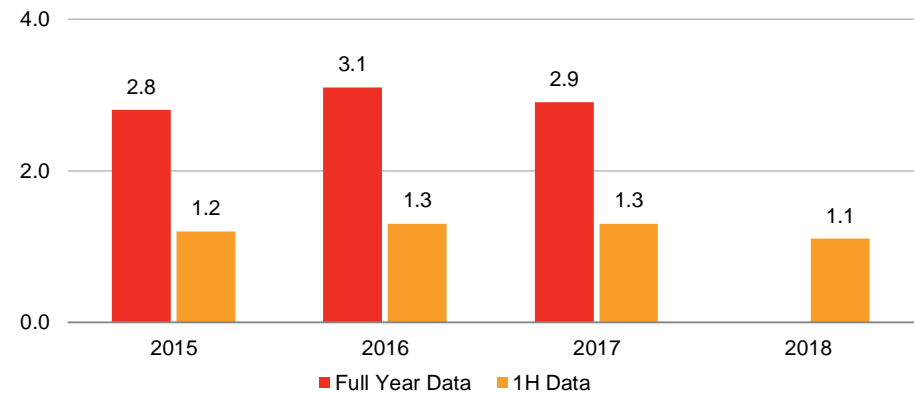


Key Metrics

Location	Queensland, Australia
Mine Type	Open Cut
Year of Initial Operation	1982
Ownership (%)	100%
Coal Resources (OC) (100% basis) ⁽¹⁾	Measured: 94Mt Indicated: 80Mt Measured + Indicated: 174Mt Inferred: 20Mt Total: 194Mt
Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	55Mt
Marketable Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	42Mt
Mine Life ⁽²⁾	38 years
Product Type	PCI / Thermal

Marketable Coal Production (Mt) (100% basis)⁽²⁾

Production (Mt)



Commentary

- Located at approximately 40 kilometres north-east of Blackwater in Central Queensland's Bowen Basin, Yarrabee is an open cut coal mine
- Yarrabee produces low volatile, semi-anthracitic PCI coal, exporting to steelmakers in the Asian region
- ROM coal is mined from a number of pits, with the majority of coal blended at the site's coal handling preparation plant. A notable portion of the ROM coal is bypassed due to its superior in situ quality
- Product coal is road hauled about 37 kilometres to the Boonal load out facility on the Blackwater railway system and then railed to the RG Tanna and Wiggins Island Coal Export Terminals in Gladstone for export to customers
- In 2017, Yarrabee achieved total ROM coal production of 3.4Mt and total saleable coal production of 2.9Mt

Notes:

1. As at 30 June 2018

2. Source from Yancoal Prospectus and Quarterly Activities Reports

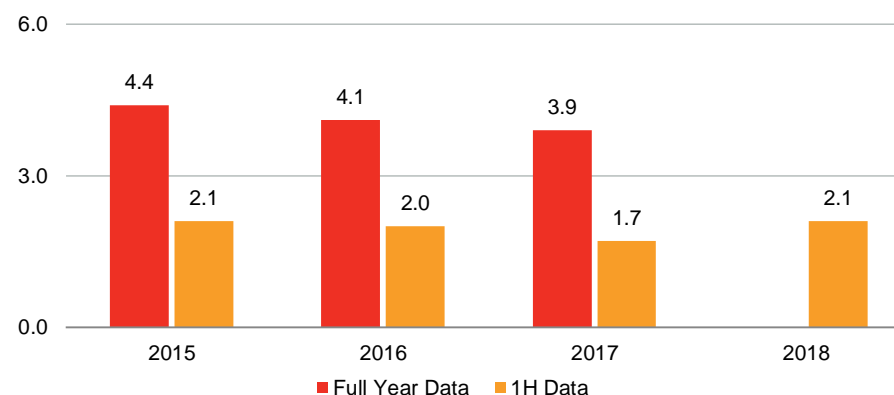


Key Metrics

Location	Queensland, Australia
Mine Type	Open Cut
Year of Initial Operation	2011
Ownership (%)	Around 50.0%
Coal Resources (OC) (100% basis) ⁽¹⁾	Measured: 73Mt Indicated: 47Mt Measured + Indicated: 120Mt Inferred: 1Mt Total: 121Mt
Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	87Mt
Marketable Coal Reserves (OC) – Proven and Probable (100% basis) ⁽¹⁾	67Mt
Mine Life ⁽²⁾	20 years
Product Type	Thermal / Met

Marketable Coal Production (Mt) (100% basis)⁽²⁾

Production (Mt)



Commentary

- Located 90 kilometres north-east of Emerald in Queensland's Bowen Basin, Middlemount is an open cut mine producing low volatile PCI coal and hard coking coal used for export markets
- Middlemount is mined using conventional truck and shovel techniques. ROM coal is washed at an onsite facility. Product coal is railed and shipped via Dalrymple Bay Coal Terminal and Abbot Point Port
- The Middlemount joint venture overcame the impacts of poor weather conditions and subsequent interruptions to rail and shipping to re-establish consistent extraction and throughput rates in the second half of 2017
- In 2017, Middlemount achieved total annual ROM coal production of 5.3Mt and total saleable coal production of 3.9Mt

Notes:

1. As at 30 June 2018

2. Source from Yancoal Prospectus and Quarterly Activities Reports

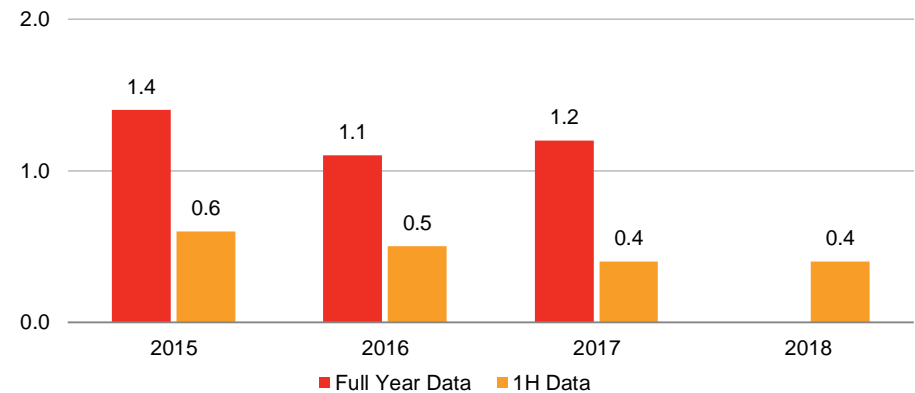


Key Metrics

Location	New South Wales, Australia
Mine Type	Underground and Potential Open Cut
Year of Initial Operation	2005
Ownership (%)	100% ⁽²⁾
Coal Resources (OC + UG) (100% basis) ⁽¹⁾	Measured: 25Mt (OC), 52Mt (UG) Indicated: 49Mt (OC), 18Mt (UG) Measured + Indicated: 74Mt (OC), 70Mt (UG) Inferred: 70Mt (OC), 15Mt (UG) Total: 144Mt (OC), 85Mt (UG)
Coal Reserves (OC+UG) – Proven and Probable (100% basis) ⁽¹⁾	14Mt (OC), 33Mt (UG)
Marketable Coal Reserves (OC+UG) – Proven and Probable (100% basis) ⁽¹⁾	8Mt (OC), 18Mt (UG)
Mine Life ⁽³⁾	13 years
Product Type	Semi Soft Coking

Marketable Coal Production (Mt) (100% basis)⁽³⁾

Production (Mt)



Commentary

- Located in the Upper Hunter Valley region of New South Wales, the Ashton underground mine produces semi-soft coking coal for export through the Port of Newcastle
- The Ashton operation includes an operating underground mine, an approved but undeveloped open cut project, coal handling and preparation plant and a rail siding
- In 2017, Ashton achieved total ROM coal production of 2.8Mt and saleable coal production of 1.2Mt for the year
- The approval for the Ashton 'Mod 5' (integration modification) has been received. The modification enables Ashton to increase underground production up to 5.45Mtpa ROM

Notes:

1. As at 30 June 2018
2. Watagan Mining Company Pty Ltd is a wholly-owned subsidiary of Yancoal Australia Ltd, controlled by a consortium of financiers consisting of Industrial Bank Co. Ltd, BOCI Financial Products Limited and United NSW Energy Limited. Effective 31 March 2016, Yancoal ceased to control Watagan and remains the exclusive provider of mine management, marketing, infrastructure and other corporate support services for the Ashton, Austar and Donaldson assets
3. Source from Yancoal Prospectus and Quarterly Activities Reports

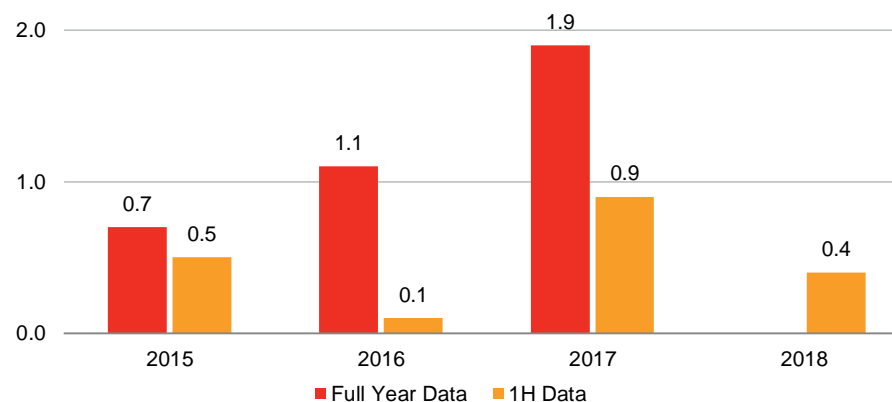


Key Metrics

Location	New South Wales, Australia
Mine Type	Underground
Year of Initial Operation	1916
Ownership (%)	100% ⁽²⁾
Coal Resources (UG) (100% basis) ⁽¹⁾	Measured: 70Mt Indicated: 80Mt Measured + Indicated: 150Mt Inferred: 69Mt Total: 219Mt
Coal Reserves (UG) – Proven and Probable (100% basis) ⁽¹⁾	41Mt (UG)
Marketable Coal Reserves (UG) – Proven and Probable (100% basis) ⁽¹⁾	31Mt (UG)
Mine Life ⁽³⁾	17 years
Product Type	Met/Thermal

Marketable Coal Production (Mt) (100% basis)⁽³⁾

Production (Mt)



Commentary

- Austar is one of the oldest mines within New South Wales, having been in operation for 100 years
- Located south-west of Cessnock, Austar produces a premium semi-hard coking coal characterised as the highest fluidity and lowest ash coking coal in Australia, with low phosphorous and low alkalis. The coal is shipped through the Port of Newcastle
- In 2017, Austar achieved total ROM coal production of 2.0Mt and saleable coal production of 1.9Mt

Notes:

1. As at 30 June 2018

2. Watagan Mining Company Pty Ltd is a wholly-owned subsidiary of Yancoal Australia Ltd, controlled by a consortium of financiers consisting of Industrial Bank Co. Ltd, BOCI Financial Products Limited and United NSW Energy Limited. Effective 31 March 2016, Yancoal ceased to control Watagan and remains the exclusive provider of mine management, marketing, infrastructure and other corporate support services for the Ashtan, Austar and Donaldson assets

3. Source from Yancoal Prospectus and Quarterly Activities Reports

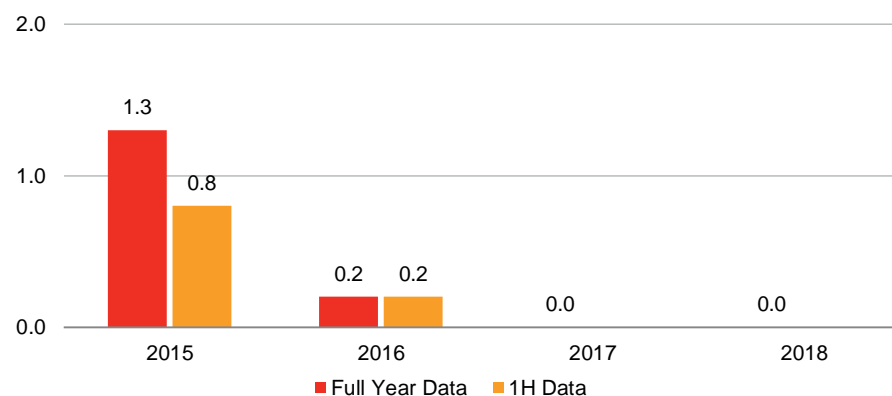


Key Metrics

Location	New South Wales, Australia
Mine Type	Underground
Year of Initial Operation	2006
Ownership (%)	100% ⁽²⁾
Coal Resources (OC + UG) (100% basis) ⁽¹⁾	Measured: 10Mt (OC), 178Mt (UG) Indicated: 326Mt (UG) Measured + Indicated: 10Mt (OC), 503Mt (UG) Inferred: 95Mt (UG) Total: 10Mt (OC), 598Mt (UG)
Coal Reserves (UG) – Proven and Probable (100% basis) ⁽¹⁾	62Mt (UG)
Marketable Coal Reserves (UG) – Proven and Probable (100% basis) ⁽¹⁾	32Mt (UG)
Mine Life ⁽³⁾	11 years
Product Type	Thermal

Marketable Coal Production (Mt) (100% basis)⁽³⁾

Production (Mt)



Commentary

- As announced in May 2016, the Donaldson coal operation was moved to “care and maintenance”, with mining at the Abel underground mine ceasing in June 2016

Notes:

- As at 30 June 2018
- Watagan Mining Company Pty Ltd is a wholly-owned subsidiary of Yancoal Australia Ltd, controlled by a consortium of financiers consisting of Industrial Bank Co. Ltd, BOCI Financial Products Limited and United NSW Energy Limited. Effective 31 March 2016, Yancoal ceased to control Watagan and remains the exclusive provider of mine management, marketing, infrastructure and other corporate support services for the Ashton, Austar and Donaldson assets
- Source from Yancoal Prospectus and Quarterly Activities Reports

29 November 2018

ASX Release:

Yancoal announces launch of HK\$1.589 billion Australian entitlement offer and allocation of shares offered under the Global Offering

Highlights

- Yancoal has allocated 68,358,100 new Yancoal Shares to investors under the Global Offering at an Offer Price of HK\$23.48 per Share (equivalent to A\$4.15 per Share¹) to raise total proceeds of HK\$1.605 billion. The Global Offering is fully underwritten.
- Given the offer price for the Global Offering has been determined and shares offered under the Global Offering have been allocated, Yancoal is now launching the Entitlement Offer, being a 0.05387 for 1 accelerated pro-rata renounceable entitlement offer to raise up to approximately HK\$1.589 billion.

Update on Global Offering

Yancoal Australia Ltd (ASX: YAL) (“Yancoal” or “Company”) is pleased to announce that it has allocated 68,358,100 new fully paid ordinary shares in Yancoal to investors under the Hong Kong initial public offering of its fully paid ordinary shares (“Shares”) on the Main Board of the Stock Exchange of Hong Kong (“HKEx”) (“Global Offering”) at an offer price of HK\$23.48 per Share (equivalent to A\$4.15 or US\$3.00 per Share²) to raise total proceeds of HK\$1.605 billion.

Settlement of the Global Offering, and the issue and commencement of trading of the Shares on the HKEx, is expected to occur on Thursday, 6 December 2018, subject to the Underwriting Agreements (as referred to below) becoming and remaining unconditional and not having been terminated.

Entitlement Offer

Yancoal is pleased to confirm that the accelerated pro-rata renounceable entitlement offer (“Entitlement Offer”) previously announced on Monday, 26 November 2018, under which eligible shareholders will have the opportunity to subscribe for 0.05387 new Shares for every 1 existing Share in the Company which they hold at 7.00pm (Sydney, Australia time) on Tuesday, 4 December 2018 (the **Record Date**), will be undertaken at HK\$23.48 per Share (“Offer Price”) (representing A\$4.15³).

¹ Based on an A\$:HK\$ rate of 5.6610.

² Based on an A\$:HK\$ rate of 5.6610 and a US\$:HK\$ rate of 7.8266.

³ Based on an A\$:HK\$ rate of 5.6610.

The Offer Price represents:

- a 27.7% premium to the closing price of the Shares on Wednesday, 28 November 2018 of A\$3.25⁴; and
- a 25.8% premium to the theoretical ex rights⁵ price of A\$3.30 per Share⁶.

With respect to the Global Offering (as referred to in its announcement on Monday, 26 November 2018), the Company has entered into an underwriting agreement on Friday, 23 November 2018 in respect of the Hong Kong Public Offering, and is expecting to enter into an underwriting agreement in respect of the International Offering today. The terms and conditions of each underwriting agreement is summarised in the section headed “Underwriting” in the HK Prospectus (as defined below).

An offer booklet containing information in respect of the Retail Entitlement Offer (“**Entitlement Offer Booklet**”) will be released on ASX today and sent to Eligible Shareholders by Friday, 7 December 2018, and will annex extracts of the prospectus registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) in respect of the Company’s proposed dual listing of its Shares on HKEx (“**HK Prospectus**”) and the Global Offering. Neither the Entitlement Offer Booklet nor the HK Prospectus are a prospectus or other disclosure document for the purposes of Chapter 6D of the Corporations Act 2001 (*Cth*) and neither of these will be lodged with the Australian Securities and Investments Commission. Eligible Shareholders should read both the Entitlement Offer Booklet (including the extracts from the HK Prospectus) and other documents Yancoal has filed with the ASX and the HKEx for more complete information about Yancoal and this offering carefully before making any investment decision regarding the Entitlement Offer.

Any Eligible Shareholders who wishes to acquire Shares under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will accompany the Entitlement Offer Booklet.

Shares issued under the retail tranche of the Entitlement Offer will be recorded on Yancoal’s Australian register and will be quoted on ASX (subject to quotation approval being granted by ASX – see section 3.16 of the Entitlement Offer Booklet for further details).

Key dates

Event	Date
Institutional Entitlement Offer period	Friday, 30 November 2018
Record Date for eligibility for the Entitlement Offer	7.00pm, Tuesday, 4 December 2018
Settlement of Global Offering, issue of Shares under the Global Offering and commencement of trading of Global Offering Shares on the HKEx (the Listing Date) (this is also the date of settlement of Institutional Entitlement Offer and issue of New Shares under the Institutional Entitlement Offer since those Shares have been allocated to participants in the Global Offering)	Thursday, 6 December 2018

⁴ Equivalent to HK\$18.40 or US\$2.35 based on the closing rates published by the Reserve Bank of Australia on Wednesday, 28 November 2018.

⁵ Theoretical ex-rights price (or “**TERP**”) is the theoretical price at which Shares should trade immediately after the announcement of the Offer. TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the announcement of the Offer will depend on many factors and may not be equal to TERP.

⁶ Equivalent to HK\$18.68 or US\$2.39 based on the closing rates published by the Reserve Bank of Australia on Wednesday, 28 November 2018.

Market stabilisation trading on HKEx may commence	Thursday, 6 December 2018
Quotation of Shares issued under the Institutional Entitlement Offer	Friday, 7 December 2018
Entitlement Offer Booklet and Entitlement and Acceptance Form despatched / Dispatch of letter to Ineligible Shareholders	Friday, 7 December 2018
Retail Entitlement Offer opens	Friday, 7 December 2018
Retail Entitlement Offer closes	5.00pm, Tuesday, 18 December 2018
Announcement of the results of the Retail Entitlement Offer	Thursday, 20 December 2018
Retail Bookbuild	Friday, 21 December 2018
Settlement of Retail Entitlement Offer	Thursday, 27 December 2018
Issue of Shares and Additional New Shares under the Retail Entitlement Offer	Friday, 28 December 2018
Last day for exercise of the Over-Allotment Option and end of market stabilisation period on HKEx	Saturday, 29 December 2018
Commencement of trading of Shares and Additional New Shares issued under the Retail Entitlement Offer	Monday, 31 December 2018
Despatch of holding statements for Shares and Additional New Shares issued under the Retail Entitlement Offer and payment of Retail Premium (if any)	Wednesday, 2 January 2018

Dates and times are indicative only and subject to change. All times and dates refer to Sydney, Australia time.

Enquiries

Eligible Shareholders who do not receive a copy of the Entitlement Offer Booklet, or who have questions relating to the Entitlement Offer, should call Yancoal's Offer Information Line on:

- 1300 855 080 (from within Australia); or
- +61 3 9415 4000 (from outside of Australia),

between 9.00am to 5.00pm (Sydney, Australia time), Monday to Friday during the period of the Retail Entitlement Offer.

Ends

Media and Investor Relations contact:

Michael Priebe, Statecraft
T +61 2 8080 0060
Email: michael.priebe@statecraft.com.au

Important Notices

This announcement is not financial product or investment advice nor a recommendation to acquire New Shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Yancoal is not licensed to provide financial product advice in respect of New Shares.

Not for distribution or release in the United States

This announcement and any material accompanying it may not be released or distributed in the United States. This announcement and any material accompanying it does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The entitlements, New Shares and Additional New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended) (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The entitlements may not be taken up by persons in the United States and the New Shares (or additional New Shares, as the case may be) may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The New Shares and Additional New Shares to be offered and sold to Eligible Shareholders will only be sold in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S thereunder.

Forward looking statements

This announcement contains certain forward-looking statements including statements of current intention, statements of opinion and predictions as to possible future events. Forward-looking statements can generally be identified by the use of forward looking words such as “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “consider”, “foresee”, “aim”, “will” and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the outcome and effects of the Entitlement Offer. Indications of, and guidance or outlook on, future earnings, financial position, performance and strategies are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of the Company and cannot be predicted by the Company. This includes changes in circumstances or events that may cause objectives to change as well as any statements about market and industry trends, which are based on interpretations of current market conditions. They also include general economic conditions, exchange rates, interest rates, regulatory environments, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised. This announcement includes forward looking statements in relation to and the Entitlement Offer and the Company's future financial results. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on

forward-looking statements and none of the Company or any of its subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements.

5 Australian Taxation implications of the Retail Entitlement Offer for Eligible Shareholders

This Section 5 is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Retail Entitlement Offer for Eligible Shareholders.

Accordingly, Eligible Shareholders should seek and rely upon their own professional advice before concluding on the particular taxation treatment that will apply.

The comments in this Section 5 deal only with the Australian taxation implications of the Retail Entitlement Offer if Eligible Shareholders:

- are a resident for Australian income tax purposes; and
- hold their Shares on capital account.

The comments do not apply if Eligible Shareholders:

- are not a resident for Australian income tax purposes; or
- hold their Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- are subject to the “taxation of financial arrangements” rules (commonly referred to as the TOFA rules) in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to their holding of Shares, Entitlements or New Shares; or
- acquired the Shares in respect of which the Entitlements are issued under any employee share scheme; or
- acquired Entitlements otherwise than because they are an Eligible Shareholder (e.g. where the Entitlements are acquired on ASX).

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this booklet. It does not take into account any financial objectives, tax positions or investment needs of Eligible Shareholders.

The taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances. It is strongly recommended that you seek your own independent professional tax advice applicable to your particular circumstances. Neither Yancoal nor any of its Directors, officers or employees, nor its taxation and other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

5.1 Income tax consequences of Entitlements

(a) Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in the assessable income of the Eligible Shareholders.

(b) Exercise of Entitlements

The Entitlements will be capital gains tax (**CGT**) assets. The exercise (i.e. taking up of the Entitlements) should not in itself give rise to an income tax nor a capital gains tax liability to the Eligible Shareholder.

The amount paid to exercise the Entitlements (i.e. the Offer Price) will form part of the cost base of the New Shares acquired through the take-up of the Entitlements.

The New Shares will be taken to be acquired by Eligible Shareholders on the same date the Entitlements are exercised.

(c) Transfer of all or part of your Entitlement directly to a third party

If Eligible Shareholders transfer their Entitlements, any capital gain or loss on disposal will be taxable under the CGT provisions. For CGT purposes, the Entitlements are taken to have been acquired by Eligible Shareholders on the same day on which existing Shares were acquired.

As Eligible Shareholders should have no cost base for their Entitlements, Eligible Shareholders should realise a capital gain equal to the sale price (or deemed market value sale price if Entitlements are sold or transferred for no consideration) less certain incidental costs of disposal.

Individuals, complying superannuation entities or trustees that have held their existing Shares for at least 12 months prior to the date of sale should be entitled to discount the amount of a capital gain resulting from the sale of the Entitlements (after the application of any current year or carry forward capital losses). The amount of this discount is 50% for individuals and trustees and 33 1/3% for complying superannuation entities. This is referred to as the 'CGT discount'.

Any net capital gain realised after the offset of any current year or carry forward capital losses and the application of any applicable CGT discount should be included in the assessable income of the Eligible Shareholder.

(d) Sale of Entitlements through the Retail Bookbuild for Renouncing Shareholders

Eligible Shareholders who do not exercise or transfer their Entitlements will have their Entitlements sold on their behalf through the Retail Bookbuild process. Any proceeds in excess of the Offer Price (defined as the Retail Premium) will be paid to Eligible Shareholders net of expenses and withholdings required by law.

Any Retail Premium paid to Eligible Shareholders should be taxable under the CGT provisions, as outlined in Section 5.1(c) above.

In July 2017, the Commissioner released Taxation Ruling TR 2017/4: Income tax: taxation of rights and retail premiums under renounceable rights offers where shares are held on capital account (**TR 2017/4**). In TR 2017/4 the Commissioner stated that any retail premium for renounceable entitlement offers is treated as a capital gain and should be taxable under the CGT provisions.

Having regard to the features of the Retail Entitlement Offer, specifically the fact that the Entitlements are tradeable, renounceable and the fact that Entitlements which are not exercised by Eligible Shareholders will be sold on their behalf under the Retail Bookbuild, TR 2017/4 should apply.

5.2 Income tax consequences of New Shares

(a) Dividends on New Shares

Any future dividends made in respect of New Shares will generally be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

Dividends may be paid to Eligible Shareholders and franking credits may be attached to such dividends.

Franking credits broadly represent the extent to which Australian corporate tax has been attributed to the dividend. It is possible for a dividend to be fully franked, partly franked or unfranked. Currently, the Company has a negligible franking account balance and accordingly, the Company may generally only distribute unfranked dividends until such time as franking credits are available to the Company in the future. It should be

noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs.

(i) Individuals and complying superannuation entities

Eligible Shareholders who are individuals or complying superannuation entities are required to include both the dividend and associated franking credit (if any) in their assessable income.

Eligible Shareholders should be entitled to a franking tax offset equal to the franking credit attached to the dividend which may be applied to reduce an Eligible Shareholder's income tax payable. Eligible Shareholders should be entitled to a tax refund where the tax offset exceeds the tax that is otherwise payable by the Eligible Shareholder.

To the extent that the dividend is unfranked, the Eligible Shareholder will generally be taxed at their prevailing marginal rate on the dividend received with no tax offset.

(ii) Corporate shareholders

Eligible Shareholders who are corporate shareholders are required to include both the dividend and associated franking credit (if any) in their assessable income.

Eligible Shareholders are allowed a tax offset up to the amount of the franking credit on the dividend. Excess franking credits received cannot give rise to a refund for a corporate shareholder but can be converted into carry forward tax losses.

Corporate shareholders should be entitled to a credit in their own franking accounts equal to the franking credit on the distribution received. This will allow the corporate shareholder to pass on the benefit of the franking credits to its own shareholder(s) on the payment of dividends.

(iii) Trusts and partnerships

Eligible Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include both the dividend and associated franking credit (if any) in calculating the net income of the trust or partnership.

The relevant beneficiary or partner may be entitled to a tax offset equal to the franking credits included in the beneficiary's or partner's share of the net income of the trust or partnership.

(iv) Shares held at risk

The benefit of franking credits can be denied where an Eligible Shareholder is not a 'qualified person', in which case the Eligible Shareholder will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', two tests must be satisfied; namely the holding period rule and the related payment rule.

Under the holding period rule, an Eligible Shareholder is required to hold the relevant shares 'at risk' for at least 45 days continuously, not counting the day of acquisition or disposal. In relation to any particular dividend payment, if an Eligible Shareholder has not already satisfied the holding period rule on the ex-dividend date (the last day on which you can acquire a share which entitles you to a particular dividend payment for that share), the Eligible Shareholder must hold the relevant shares until the 45-day period is met in order to qualify for franking benefits, including franking credits.

This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed A\$5,000. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the Eligible Shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the Eligible Shareholder to have held the shares at risk for the continuous 45-day period as above but within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the shares become ex-dividend.

Eligible Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

(b) Disposal of New Shares

The disposal of a New Share will constitute a disposal for CGT purposes.

On disposal of a New Share, an Eligible Shareholder will make a capital gain if the capital proceeds on disposal exceed the cost base of the New Share. An Eligible Shareholder will make a capital loss if the capital proceeds are less than the reduced cost base of the New Share. The cost base of New Shares is described in Section 5.1(b) above.

In order to be eligible for the CGT discount, the New Shares must be held for at least 12 months after the date an Eligible Shareholder who is an individual, trustee or complying superannuation entity exercises their Entitlement. The applicable CGT discount factor is set out in Section 5.1(c).

If an Eligible Shareholder makes a capital loss, the Eligible Shareholder can only use that loss to offset other capital gains; i.e. the capital loss cannot be used to offset other assessable income. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

5.3 Provision of TFN and/or ABN

Yancoal is required to deduct withholding tax from dividend payments that are not 100% franked, at the rate specified in the *Taxation Administration Regulations 2017* (Cth) (currently the rate is 47%), and remit such amounts to the ATO, unless a TFN or an ABN has been quoted by the Eligible Shareholder, or a relevant exemption applies (and has been notified to Yancoal).

5.4 Other Australian taxes

(a) GST

No GST will be payable by an Eligible Shareholder in respect of the issue, sale or taking up of Entitlements or the acquisition of New Shares. However, an Eligible Shareholder may be restricted in claiming input tax credits for expenses incurred in relation to these transactions.

(b) Stamp duty

No stamp duty will be payable by an Eligible Shareholder in respect of the issue, sale or taking up of Entitlements or the acquisition of the New Shares if any Eligible Shareholder:

- acquires the New Shares after all of the shares of the Company are quoted on the HKEx; and
- each Eligible Shareholder and any associated persons (or persons acquiring under one arrangement or in concert) do not acquire 90% or more of the interests in the Company or, as a result of the acquisition, hold 90% or more of the interests in the Company.

6 Important information

6.1 Responsibility for this booklet

This booklet and the accompanying personalised Entitlement and Acceptance Form have been prepared by the Company.

No party other than the Company has authorised or caused the issue of the information in this booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this booklet or the HK Prospectus.

6.2 Capital structure

(a) Effect of the Entitlement Offer on capital structure

The approximate capital structure of the Company following settlement of the Entitlement Offer is expected to be as follows:

Securities	Number
Shares on issue as at the date of this booklet	1,256,071,756
New Shares offered under the Institutional Entitlement Offer	59,441,900
New Shares offered under the Retail Entitlement Offer (not underwritten)	8,225,509
New Shares issued under the Over-Allotment Option (in the event that the Over-Allotment Option is exercised in full)	8,916,200
Total Shares on issue following completion of the Entitlement Offer ¹³	1,332,655,365

Note: Exact number of Shares issued under the Entitlement Offer depends on fractional Entitlements on the Record Date.

(b) Financial effect of the Offer

Please see “*Appendix IIC – Pro Forma Consolidated Statement of Financial Position of the Group*” of the HK Prospectus (which section is included in **Annexure A**) for the financial effect of the Entitlement Offer on the Company.

(c) Impact on control

The potential effect of the issue of New Shares pursuant to the Entitlement Offer on control of the Company and the consequences of that effect will depend on a number of factors, including the extent to which Eligible Shareholders take up New Shares or apply for Additional New Shares under the Entitlement Offer.

¹³ Assuming all Entitlements are taken up and assuming the Over-Allotment Option is exercised in full. The total number of Shares on issue will be lower if either of these assumptions are not correct.

Each Major Shareholder has chosen not to take up their rights in the Institutional Entitlement Offer and to renounce those rights in favour of investors in the Global Offering (**Renounced Entitlements**).

These Renounced Entitlements represent 87.8% of the Entitlement Offer size and, once exercised, will be equivalent to 4.49% of Yancoal's total issued share capital following completion of the Entitlement Offer (assuming all Entitlements are taken up but disregarding any Shares issued upon any exercise of the Over-Allotment Option). The Renounced Entitlements have been offered to new investors in the Global Offering, which is underwritten by the Underwriters. Consequently, 4.49% of Yancoal's total issued share capital following completion of the Entitlement Offer will be issued either to new investors or will be subscribed for pursuant to the underwriting arrangements under the Global Offering.

At the date of the announcement of the Entitlement Offer, Yanzhou had a voting power of approximately 65.45% in Yancoal and is currently a controlling shareholder. As Yanzhou has chosen to renounce its rights under the Entitlement Offer, the effect of the Entitlement Offer is likely to be to decrease Yanzhou's percentage shareholding in the Company from 65.45% to 62.11%, assuming all Entitlements in the retail component of the Entitlement Offer are taken up (or from 65.45% to 62.50%, assuming none of the Entitlements in the retail component of the Entitlement Offer are taken up).

At the date of the announcement of the Entitlement Offer, CSIL had a voting power of approximately 5.69% in Yancoal. As CSIL has chosen to renounce its rights under the Entitlement Offer, the effect of the Entitlement Offer is likely to be to decrease CSIL's percentage shareholding in the Company from 5.69% to 5.40%, assuming all Entitlements in the retail component of the Entitlement Offer are taken up (or from 5.69% to 5.43%, assuming none of the Entitlements in the retail component of the Entitlement Offer are taken up).

At the date of the announcement of the Entitlement Offer, Cinda had a voting power of approximately 16.70% in Yancoal. As Cinda has chosen to renounce its rights under the Entitlement Offer, Cinda's percentage shareholding in the Company is likely to change from 16.70% to 15.85%, assuming all Entitlements in the retail component of the Entitlement Offer are taken up (or from 16.70% to 15.95%, assuming none of the Entitlements in the retail component of the Entitlement Offer are taken up).

Yanzhou and CSIL are each Chinese state-owned enterprises (**SOE**) that are ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Province, China (**Shandong SASAC**). In this booklet, SOEs that are ultimately controlled by the Shandong SASAC are referred to as "**Shandong SOEs**".

Cinda is a Chinese SOE that is ultimately controlled by the Ministry of Finance on behalf of the State Council of the PRC. In this booklet, SOEs that are ultimately controlled by either the Ministry of Finance or the State-owned Assets Supervision and Administration Commission of the PRC are referred to as "**Central SOEs**".

A number of new Chinese SOE investors (including both Central SOEs and Shandong SOEs) (New SOEs) have been allocated Shares under the Global Offering:

- 1 Central SOE has been allocated 85,000 Shares under the Global Offering;¹⁴
- 2 Shandong SOEs have been allocated an aggregate of 17,579,400 Shares under the Global Offering; and
- 2 other non-Shandong and non-Central SOEs have been allocated an aggregate of 16,673,500 Shares under the Global Offering.

¹⁴ Note that in addition to this investor, 1 additional Central SOE has been allocated 16,672,600 Shares under the Global Offering which it is acquiring for and on behalf of other investors, who will be the beneficial owners of those Shares.

Following completion of the Global Offering, the New SOEs will hold up to approximately 2.61% of the shareholding in the Company¹⁵, comprising:

- up to approximately 16.24%¹⁶ that will be the combined holding of Central SOEs (inclusive of Cinda's Shareholding), or 0.29% (exclusive of Cinda's Shareholding);
- up to approximately 69.26%¹⁷ that will be the combined holding of Shandong SOEs (inclusive of Yanzhou's Shareholding and CSIL's Shareholding), or 1.34% (exclusive of Yanzhou's Shareholding and CSIL's Shareholding);
- up to approximately 1.02% that will be the holding of the SOE from the Shaanxi Province; and
- up to approximately 0.25% that will be the holding of the SOE from the Rizhao Municipal Peoples' Government.

The shareholding of the Major Shareholders in the Company following the Entitlement Offer is expected to be:

- assuming all Entitlements in the Retail Entitlement Offer are taken up:
 - in respect of Yanzhou and CSIL, approximately 67.50%¹⁸; and
 - in respect of Cinda, approximately 15.85%¹⁹; and
- assuming none of the Entitlements in the retail component of the Entitlement Offer are taken up:
 - in respect of Yanzhou and CSIL, approximately 67.93%²⁰; and
 - in respect of Cinda, approximately 15.95%²¹.

For the reasons outlined above, the issue of New Shares and level of take up of Entitlements under the Retail Entitlement Offer is not expected to have a material effect on the control of Yancoal and no material consequences are expected to flow from the conduct of the Entitlement Offer as it relates to the control of Yancoal.

There are a number of factors which may have a non-material impact on individual Shareholders' percentage shareholding in Yancoal, including (i) if some Eligible Shareholders do not take up all of their Entitlements under the Retail Entitlement Offer, then the interests of those Eligible Shareholders will be diluted and (ii) the proportional interests of Ineligible Shareholders will be diluted because such Ineligible Shareholders (who are

¹⁵ Note that this excludes Shares held by the additional Central SOE referred to in note 14 to the extent that it has acquired Shares for other investors which are not SOEs.

¹⁶ Note that each Central SOE (including Cinda) may be regarded to be an associate of each other Central SOE.

¹⁷ Note that each Shandong SOE (including Yanzhou) may be regarded to be an associate of each other Shandong SOE.

¹⁸ Yanzhou holds 62.11% and CSIL holds 5.40%. However, to the extent that each Shandong SOE may be regarded as an associate of each other Shandong SOE, Yanzhou and CSIL's maximum voting power is expected to be approximately 68.83%.

¹⁹ However, to the extent that each Central SOE may be regarded as an associate of each other Central SOE, Cinda's maximum voting power is expected to be approximately 16.14%.

²⁰ Yanzhou holds 62.50% and CSIL holds 5.43%. However, to the extent that each Shandong SOE may be regarded as an associate of each other Shandong SOE, Yanzhou and CSIL's maximum voting power is expected to be approximately 69.26%.

²¹ However, to the extent that each Central SOE may be regarded as an associate of each other Central SOE, Cinda's maximum voting power is expected to be approximately 16.24%.

estimated to hold less than approximately 0.37% of Shares) are not entitled to receive New Shares under the Entitlement Offer.

6.3 Shunting of Shares

Following the HK Listing, Yancoal's shares will be capable of being traded on both the ASX and the HKEx. Shares can be moved between the Australian and Hong Kong share registers by a process known as "shunting" or "removal".

The Registry has established a control account in each of Australia and Hong Kong. When a Shareholder wishes to shunt Shares from one register (the **Home Register**) to another (the **Target Register**), the Shareholder provides the home registrar with an instruction. This instruction provides details of the Shareholder on the Home Register, and in what form the Shares are to be held on the Target Register. The home registrar then removes the Shares from their holding, and places the Shares into the Home Register control account (in order to reconcile to the Shares being placed onto the Target Register). Once a confirmation is sent to the target registrar, the target control account is debited (that reconciles to the Home Register). The target registrar will then (depending on the instruction and the direction of the shunting):

- issue a certificate in the name of the Shareholder (if the shares are to be shunted to Hong Kong);
- create an issuer-sponsored holding (if the shares are to be shunted to Australia); or
- initiate the process to deposit the shares into the relevant central securities depository (i.e. CHESS in Australia or CCASS in Hong Kong).

Typically, the shunting process takes between 3 to 6 business days. The period of time required to shunt Shares between the Australian and Hong Kong registries may vary and there is no certainty of when shunted Shares will be available for trading or settlement. For further details, refer to the "*Listing, Registration, Dealings and Settlement*" section of the HK Prospectus (which section is included in **Annexure A**).

For more information, you should contact your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser.

6.4 Market stabilisation

The Stabilisation Manager (or any person acting for it) may (for a period of 30 days from the last day for lodging applications under the Hong Kong Public Offering) (**Stabilisation Period**) undertake market stabilisation activities on the HKEx to retard and, if possible, prevent a decline in the public market price of the Shares below the Offer Price. The market stabilisation activities may include over-allocating Shares in the Global Offering and then purchasing, or agreeing to purchase, any of the Shares on the HKEx (but not on ASX).

The Stabilisation Manager may cover the over-allocations made in the Global Offering in full or part by, amongst other means, requiring Yancoal to issue up to an additional 8,916,200 new Shares (**Over-Allotment Option**). The size of any exercise of the Over-Allotment Option is not known as at the date of this booklet, but if exercised fully would result in Yancoal issuing an additional 8,916,200 Shares (representing 0.67% of all Shares on issue immediately on completion of the Institutional Entitlement Offer but before the full exercise of the Over-Allotment Option, and assuming that the level of take-up of the Retail Entitlement Offer is 100%. If the level of take-up by existing Eligible Shareholders in the Retail Entitlement Offer is 0%, and no unexercised Entitlements are acquired by investors in the Retail Bookbuild, the additional Shares to be issued pursuant to the fully exercised Over-Allotment Option will represent approximately 0.68% of all Shares on issue immediately on completion of the Institutional Entitlement Offer. Therefore, exercise of the Over-Allotment Option will lead to the dilution of all existing Shareholders, even if they exercise their Entitlements in full.

During the Stabilisation Period, the Stabilisation Manager may resell some or all of the Shares so purchased. This resale may also affect the trading price of Shares on the HKEx (for example, this may have the effect of

creating a lower price than may otherwise have been the case), although this does not increase the net number of Shares that the Stabilisation Manager can acquire under the market stabilisation.

The purchase of Shares on the HKEx during this period may have the indirect effect of stabilising the trading price for Shares on the ASX (since Shares may be “shunted” between ASX and HKEx and so it may be there will be an equilibrium between the trading prices of Shares on both markets over time).

There is no guarantee that the trading price of the Shares will not drop below the Offer Price.

These market stabilisation activities will be subject to certain conditions imposed by ASIC, including that:

- Yancoal must disclose on the HKEx on the date of the announcement of the Global Offering that market stabilisation activities may take place in relation to the Global Offering (with a corresponding announcement to the ASX);
- the price at which stabilisation is effected is not permitted to exceed the Offer Price;
- stabilising bids will only be made by the Stabilisation Manager on the HKEx’s automated trading system (i.e. stabilisation activities will not occur on the ASX);
- any stabilising bids by the Stabilisation Manager must not, on any trading day, be higher than the lower of the highest current independent bid on the HKEx or the Offer Price; and
- during the Stabilisation Period, each day before trading on the ASX commences, the Stabilisation Manager must notify ASX for publication on the ASX market announcements platform:
 - the number of Shares purchased by the Stabilisation Manager on the previous trading day under the market stabilisation; and
 - its determination of the Offer adjusted for the prevailing exchange rate for that day (being the Offer Price in Hong Kong dollars converted into Australian dollars at the prevailing exchange rate for that day).

See the “*Structure of the Global Offering – Stabilisation*” section of the HK Prospectus (which section is included in **Annexure A**) for more information.

6.5 Eligible Shareholders

The information in this booklet contains an offer of New Shares to Eligible Shareholders and has been prepared in accordance with section 708AA of the Corporations Act, as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*. Please refer to Section 3.1 above of this booklet for Eligible Shareholder criteria.

The Retail Entitlement Offer is not being extended to any Shareholders outside Australia and New Zealand, other than to certain Institutional Shareholders and investors in certain foreign jurisdictions set out in Section 6.7. By returning your completed personalised Entitlement and Acceptance Form or making a payment through BPAY[®],²² you will be taken to have represented and warranted that you satisfy each of the Eligible Shareholder criteria. Due to legal restrictions, nominees and custodians must not send copies of this booklet or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, or any other person acting for the account or benefit of persons in the United States, or to any person in any other jurisdiction outside Australia and New Zealand (other than certain institutions in the jurisdictions contemplated in the ‘Selling Restrictions’ contained in Section 6.7 of this

²² Note that BPAY[®] payments can only be made in A\$ and if you are the holder of an account with an Australian financial institution that supports BPAY[®] transactions.

booklet) except to beneficial Shareholders who are institutional or professional investors in certain foreign countries selected by the Company in its absolute discretion.

6.6 Foreign shareholders

The New Shares being offered under this booklet are being offered to Eligible Shareholders with registered addresses in Australia and New Zealand (other than certain institutions in the jurisdictions contemplated in the 'Selling Restrictions' contained in Section 6.7 of this booklet).

The Retail Entitlement Offer will not be offered to Ineligible Shareholders. The Company has determined that it is not economically viable for it to make offers to Ineligible Shareholders due to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction in which Ineligible Shareholders reside. The Company reserves the right in its absolute discretion to offer the Retail Entitlement Offer to a Shareholder with an address in the Company's share register outside Australia and New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable.

This booklet does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the New Shares, or otherwise permit an offering of New Shares in any jurisdiction outside of Australia or New Zealand which may be restricted by law.

If you come into possession of this booklet, you should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

The Retail Entitlement Offer is not available to Shareholders that are in the United States or who are acting for the account or benefit of persons in the United States. Neither the Entitlements nor the New Shares offered and sold in the Entitlement Offer have been, nor will be, registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, Entitlements may not be issued to or exercised by, and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities law. The Entitlements and the New Shares offered and sold in the Retail Entitlement Offer may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of persons in the United States, in each case, in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act.

6.7 Selling Restrictions

The information in this booklet has been prepared to comply with the applicable requirements of the securities laws of Australia, New Zealand and the jurisdictions contemplated in this Section 6.7.

The information in this booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements, the New Shares or the Additional New Shares, in any jurisdiction outside of Australia. Return of the personalised Entitlement and Acceptance Form or your BPAY® payment will be taken by the Company to constitute an irrevocable representation by you that there has been no breach of any laws of a jurisdiction outside Australia, New Zealand or the jurisdictions contemplated in the 'Selling Restrictions' contained in this Section 6.7.

The distribution of this booklet (including an electronic copy) outside Australia and the jurisdictions contemplated in the 'Selling Restrictions' contained in this Section 6.7 may be restricted by law. If you come into possession of this booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities law.

(a) Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Entitlements and the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser

purchased such securities with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations

Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

(b) China

The information in this document does not constitute a public offer of the Entitlements or the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Entitlements and the New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors", sovereign wealth funds and quasi-government investment funds.

(c) Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted

Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(d) New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Entitlements and the New Shares in the Entitlement Offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

(e) Singapore

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(f) Switzerland

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the New Shares (i) constitutes a prospectus or a similar notice as such terms are understood under art. 652a, art. 752 or art. 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of art. 27 *et seqq.* of the SIX Listing Rules or (ii) has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the Entitlements and the New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Entitlements and the New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

(g) United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

6.8 Director's Shareholdings

Baocai Zhang and Gregory Fletcher (each of whom is a Director and, either directly or indirectly, holds Shares in the Company) intend to participate in the Retail Entitlement Offer.

The current shareholdings of Directors are as set out in the Company's most recent annual report, which is available at www.yancoal.com.au, and subsequent ASX Appendix 3Ys lodged with ASX, which are available at www.asx.com.au.

6.9 Warranties made on acceptance of the Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY^{®23} you will be deemed to have irrevocably acknowledged, represented and warranted that you, and each person on whose account you are acting:

- acknowledge that you have fully read and understood both this booklet and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this booklet and the Entitlement and Acceptance Form;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this booklet and the Constitution;
- authorise the Company to register you as the holder(s) of New Shares (and any Additional New Shares) issued to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age (if you are an individual) and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once the Company receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY[®], you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY[®], including, in each case, any Additional New Shares, at the Offer Price per New Share (noting that allocations of Additional New Shares are at the absolute discretion of Yancoal);
- acknowledge that if you pay for New Shares in A\$ or US\$, there is no certainty of the number of New Shares that you will be treated as having applied for;
- authorise the Company, the Bookrunner, the Registry and their respective officers or agents to do anything on your behalf necessary for New Shares (and any Additional New Shares) to be issued to you, including to act on instructions of the Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this booklet and your personalised Entitlement and Acceptance Form is not investment advice or financial product advice nor have they been prepared taking into account your investment objectives, financial circumstances or particular needs or circumstances. You acknowledge that this booklet and your personalised Entitlement and Acceptance Form is not a recommendation that New Shares (including Additional New Shares) are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this booklet is not a prospectus, product disclosure statement or disclosure document under any law and does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;

²³ Note that BPAY[®] payments can only be made in A\$ and if you are the holder of an account with an Australian financial institution that supports BPAY[®] transactions.

- acknowledge the statement of risks in the “*Risk Factors*” section of the HK Prospectus (which section is included in **Annexure A**) and that investments in the Company are subject to risk;
- acknowledge that none of the Company, the Bookrunner, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantee the performance of the Company, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- authorise the Company to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant that the law of any place does not prohibit you from being given this booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares (or Additional New Shares);
- represent and warrant that if an application is made (or is deemed to be made based on the amount of Application Monies submitted) for Additional New Shares, that you (and each person on whose account you are acting):
 - are not a “foreign government investor”²⁴;
 - do not otherwise require approval from the Foreign Investment Review Board to acquire the Additional New Shares;
 - are not an “associate”²⁵ of any of the Major Shareholders; and
 - represent and warrant that your acceptance of the Retail Entitlement Offer does not breach any laws in the jurisdiction in which you reside.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY[®],²⁶ you will also be deemed to have irrevocably acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Shareholder or otherwise eligible to participate in the Retail Entitlement Offer and:

- you and each person on whose account you are acting are not in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements, New Shares or Additional New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- the Entitlements, New Shares or Additional New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia and, accordingly, the Entitlements may not be taken up, and the New Shares or Additional New Shares may not be offered, sold or otherwise transferred, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws;

²⁴ As defined in section 17 of the Foreign Acquisitions and Takeovers Regulation 2015.

²⁵ As defined in section 12 of the Corporations Act.

²⁶ Note that BPAY[®] payments can only be made in A\$ and if you are the holder of an account with an Australian financial institution that supports BPAY[®] transactions.

- you and each person on whose account you are acting have not sent and will not send any materials relating to the Retail Entitlement Offer to any person in the United States;
- if in the future you decide to sell or otherwise transfer the New Shares or Additional New Shares, you will only do so in the regular way transactions take place on the ASX where neither you nor any person acting on your behalf know, or have reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States, and you have not sent this booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

6.10 Underwriting arrangements

The Retail Entitlement Offer is not underwritten.

The Renounced Entitlements will be offered to new investors in the Global Offering, which is underwritten by the Underwriters. Underwriting agreements relating to the Global Offering were entered into between Yancoal and the Underwriters on 23 November 2018 (with respect to the Hong Kong Public Offering) and, with respect to the International Offering, is expected to be entered into on 29 November 2018 () (**Underwriting Agreements**).

The Underwriting Agreements are subject to termination events and other terms and conditions, as set out in the HK Prospectus. This means that there is no certainty that the Global Offering will successfully complete. See the “*Underwriting*” section of the HK Prospectus (which section is included in **Annexure A**) for more information.

The Bookrunner will be acting for and providing services to the Company in relation to the Retail Entitlement Offer and will not be acting for or providing services to Shareholders. The Bookrunner has been engaged solely as an independent contractor and is acting solely in a contractual relationship on an arm’s length basis with the Company. The engagement of the Bookrunner by the Company is not intended to create any agency or other relationship between the Bookrunner and Shareholders. The offer of Shares in the Retail Bookbuild is not underwritten.

6.11 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your Application once it has been made.

6.12 Not investment advice or financial product advice

The information in this booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares or Additional New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with the Company’s other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.asx.com.au.

The information in this booklet is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. The Company is not licensed to (and does not) provide financial product advice in respect of the New Shares or Additional New Shares.

The information in this booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares or Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment

objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Shares the subject of the Retail Entitlement Offer. If, after reading this booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser.

6.13 Rights attaching to New Shares and Additional New Shares

The New Shares and Additional New Shares issued under the Retail Entitlement Offer will rank equally with the existing Shares on issue. The rights and liabilities attaching to the New Shares and Additional New Shares are set out in the Constitution.

6.14 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

6.15 Information availability

Eligible Shareholders in Australia and New Zealand can obtain a copy of this booklet during the Retail Entitlement Offer period by calling the Company's Offer Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (from outside Australia) at any time from 9.00am to 5.00pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer period. Persons who access the electronic version of this booklet should ensure that they download and read the information in this booklet in its entirety. The electronic version of this booklet on the Company's website will not include a personalised Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form can be requested by calling the Company's Offer Information Line during the Retail Entitlement Offer period. Neither this booklet nor the accompanying Entitlement and Acceptance Form may be distributed to, or relied upon by, persons that are in the United States; or otherwise distributed in the United States.

6.16 Reporting and disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to ASX any information it has which a reasonable person would expect to have a material effect on the price or the value of its quoted securities. The Company is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report and an audit or review report.

The Company also has an obligation under the ASX Listing Rules to notify ASX immediately of any information concerning the Company of which it becomes aware and which a reasonable person would expect to have a material effect on the price or value of the Company's securities unless exceptions from disclosure apply under the ASX Listing Rules. ASX maintains records of company announcements for all companies listed on ASX. The Company's announcements may be viewed on ASX's website (www.asx.com.au).

The Company will be subject to regular reporting and disclosure obligations under the Listing Rules of HKEx and the Inside Information Provisions of the Hong Kong Securities and Futures Ordinance upon listing on the HKEx. Such disclosure obligations include the requirement to announce inside information and information necessary to avoid a false market in its securities. The Company is also required to announce on the HKEx at the same time as any information released to ASX. The Company is required to prepare and lodge with the HKEx yearly financial statements accompanied by a Directors' report and an audit report and half yearly financial statements accompanied by a review report.

6.17 Financial amounts

Money as expressed in this booklet is in Hong Kong Dollars or Australian Dollars or US Dollars as indicated. Any discrepancies between totals in tables and sums of components in tables in this booklet and between those figures and figures referred to in other parts of this document may be due to rounding.

6.18 Governing law

The information in this booklet, the Retail Entitlement Offer, and dealings in the Entitlements and the contracts formed on acceptance of the Retail Entitlement Offer pursuant to the personalised Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each Shareholder who applies for New Shares or Additional New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

6.19 Privacy

Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of your Shares) to be included in the register of the Company. Information is collected to administer your holding of Shares. Your personal information may be disclosed to the Company. You can obtain access to your personal information by contacting the Registry at the address or telephone number listed in the corporate directory. The Registry's privacy policy is available on its website www.computershare.com/au or by emailing privacy@computershare.com.au and requesting a copy.

6.20 Regulatory relief

(a) ASIC relief in respect of multiple currency payment options under the Retail Entitlement Offer

ASIC has granted Yancoal a modification of the Corporations Act to permit Eligible Shareholders with a registered address in Australia or New Zealand to pay for New Shares or Additional New Shares in Australian Dollars or US Dollars.

(b) ASIC relief in respect of restrictions on the disposal of Shares following the HK Listing

It is a requirement of the HKEx listing rules that Yanzhou and Yankuang, each being a controlling shareholder of Yancoal, are restricted from disposing or agreeing to dispose of Shares following the Company's HK Listing. The length of the mandatory lock up is 12 months: comprising of (a) 6 months from the date of listing; and (b) a further 6 months to the extent that the disposal would result in that shareholder ceasing to be a controlling shareholder (i.e. 30% or more shareholding in Yancoal) (**Mandatory Lock Ups**). The Mandatory Lock Ups are contained in the form of an undertaking given in favour of HKEx, which will have a contractual right to enforce the Mandatory Lock Ups. Yancoal has sought (on HKEx's behalf) and ASIC has granted relief to HKEx (subject to certain carve outs) from having a "relevant interest" in the Shares.

For further information about the Mandatory Lock Ups, please refer to the *"Waivers from strict compliance with the Listing Rules and exemptions from strict compliance with the Companies (WUMP) Ordinance"* and *"Underwriting"* sections (respectively) of the HK Prospectus (the relevant parts of each section are included in **Annexure A**).

(c) ASIC no-action letter in respect of market stabilisation activities

ASIC has also issued Yancoal with a letter confirming that, subject to certain conditions being met, ASIC will not take any action on arguable breaches of the market manipulation and market rigging provisions of the Corporations Act in relation to the stabilisation activities described in the Chairman's letter and Section 6.4 above. These conditions include:

- Yancoal must disclose on the HKEx on the date of the announcement of the Global Offering that market stabilisation activities may take place in relation to the Global Offering (with a corresponding announcement to the ASX);
- the price at which stabilisation is effected is not permitted to exceed the Offer Price;
- stabilising bids will only be made by the Stabilisation Manager on HKEx's automated trading system (i.e. stabilisation activities will not occur on the ASX);
- any stabilising bids by the Stabilisation Manager must not, on any trading day, be higher than the lower of the highest current independent bid on the HKEx or the Offer Price; and
- during the Stabilisation Period, each day before trading on the ASX commences, the Stabilisation Manager must notify ASX for publication on the ASX market announcements platform:
 - the number of Shares purchased by the Stabilisation Manager on the previous trading day under the market stabilisation; and
 - its determination of the Offer adjusted for the prevailing exchange rate for that day (being the Offer Price in Hong Kong dollars converted into Australian dollars at the prevailing exchange rate for that day).

6.21 Withdrawal of Retail Entitlement Offer

The Directors reserve the right to withdraw all or part of the Retail Entitlement Offer at any time prior to the issue of New Shares, in which case the Company will refund Application Monies in accordance with the Corporations Act without payment of interest.

6.22 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this booklet. Any information or representation that is not in this booklet may not be relied on as having been authorised by the Company, or its related bodies corporate, in connection with the Retail Entitlement Offer.

Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this booklet.

6.23 Substantial shareholder disclosure

Under the Corporations Act, where any person has acquired a voting power of 5% or more, it is required to disclose this interest to the target company and to the ASX. Notice must also be given of any increase or decrease in voting power of 1% or more above or below 5% or if the holder ceases to have a substantial shareholding.

Substantial holding notices must be given within 2 business days after the substantial shareholding is acquired, ceases or changes. A substantial holding notice must attach to it a copy of all relevant agreements giving rise to the substantial holding and will be publicly available on the ASX's website.

Substantial shareholders who are interested in 5% or more of voting shares are required to disclose in Hong Kong their interests, short positions, increases and decreases in their interests or short positions and changes in the nature of the interests in the voting shares (subject to certain disclosure thresholds) within 3 business days. Substantial shareholders will be required to disclose the relevant interests and short positions they hold, as well as those they are deemed to hold, including through their associates and interests in bodies corporate. This is a summary of a complex area of law and the Company recommends that all Shareholders take their own advice on their compliance with this law.

7 Glossary

Term	Meaning
A\$, AUD or Australian Dollar	The lawful currency of Australia.
ABN	Australian Business Number.
Additional New Shares	New Shares applied for by an Eligible Shareholder in excess of their Entitlement.
Applicant	A person who makes an Application.
Application	An application for a specified number of New Shares by an Applicant under the Retail Entitlement Offer.
Application Monies	Funds accompanying a completed Entitlement and Acceptance Form or funds paid by BPAY®.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.
ASX Announcements	The announcements of the Company set out in Section 4.
ASX Listing Rules	The official listing rules of ASX, as amended or waived from time to time.
ASX Settlement Operating Rules	The Settlement Operating Rules made by ASX Settlement Pty Ltd ABN 49 008 504 532.
Bookrunner	Morgan Stanley Australia Securities Limited.
BPAY®	BPAY Pty Ltd ACN 079 137 518.
Business Day	A day that banks are open in Sydney, Australia.
CGT	Capital Gains Tax.
CHESS	The clearing house electronic sub-register system of share transfers operated by ASX Settlement Pty Ltd.
Cinda	Cinda International HGB Investment (UK) Limited.
Commissioner	The Commissioner of Taxation.
Company or Yancoal	Yancoal Australia Ltd ABN 82 111 859 119.
Constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CSIL	China Shandong Investment Limited.
Director	A director of the Company.
Eligibility Criteria	<p>To be eligible to exercise Entitlements purchased on ASX a holder of such an Entitlement must:</p> <ul style="list-style-type: none"> • be registered as a holder of Shares as at the Record Date; • not be a Major Shareholder; • if a retail investor, have a registered address on the Company's share register in Australia or New Zealand and, if an institutional or professional investor, be permitted to exercise the Entitlement having regard to the 'Selling Restrictions' contained in Section 6.7; and • not be in the United States and must not be acting for the account or benefit of a person in the United States (to the extent such a person holds Shares in the Company for the account or benefit of such persons in the United States).

Term	Meaning
Eligible Shareholder	Has the meaning given to that term in Section 3.1.
Entitlement	The number of New Shares each Eligible Shareholder is offered under the Retail Entitlement Offer as designated on their Entitlement and Acceptance Form.
Entitlement and Acceptance Form	The personalised form for participation in the Retail Entitlement Offer attached to, or accompanying, this booklet.
Entitlement Offer	The accelerated pro-rata renounceable entitlement offer of 0.05387 New Shares for every 1 Share held on the Record Date at HK\$23.48 per New Share.
Excess Amount	Any monies in excess of the full amount of Application Monies for an Eligible Shareholder's whole Entitlement.
Final Price	The Stabilisation Manager's determination of the lowest price payable for Shares by institutions under the Global Offering.
Global Offering	Has the meaning given in Section 2.4.
Group	The Company and each of its consolidated subsidiaries and the Company's interests in associates, joint ventures and joint operations.
GST	Goods and Services Tax.
HK	Hong Kong Special Administrative Region of the PRC.
HK\$, HKD or HK Dollar	The lawful currency of Hong Kong.
HK\$ Equivalent Amount	Has the meaning given in Section 1.2.
HKEx	Main Board of the Stock Exchange of Hong Kong.
HK Prospectus	The prospectus registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) in respect of the Company's proposed dual listing of its Shares on HKEx.
Hong Kong Public Offering	Has the meaning given in Section 2.4.
Ineligible Shareholder	Has the meaning given to that term in Section 1.1.
Institutional Entitlement Offer	The accelerated pro-rata renounceable entitlement offer to Major Shareholders.
International Offering	Has the meaning given in Section 2.4.
Major Shareholders	Yanzhou, CSIL and Cinda.
New Share	A Share offered and issued under the Entitlement Offer.
Offer	The Entitlement Offer.
Offer Materials	Any materials lodged or released by the Company in relation to the Retail Entitlement Offer (whether before, on or after the date of this booklet), including the ASX Announcements and this booklet.
Offer Price	HK\$23.48 per New Share.
Offer Ratio	0.05387 New Shares for every 1 existing Share.
Over-Allotment Option	Has the meaning given to that term in the Chairman's letter.
PRC	People's Republic of China.
Renunciation and Transfer Form	The personalised form for the transfer of Entitlements in the Entitlement Offer as obtained through the Company's Offer Information Line.
Record Date	7.00pm (Sydney, Australia time) on Tuesday, 4 December 2018.
Registry	Computershare Investor Services Pty Limited ABN 49 078 279 277.

Term	Meaning
Renouncing Shareholders	Has the meaning given in the Chairman's letter.
Retail Bookbuild	The bookbuild process to be undertaken by the Bookrunner under which all Eligible Shareholders who do not take up some or all of their Entitlement will have those renounced Entitlements (or, in the case of Ineligible Shareholders, the Entitlements which would otherwise have been made available to them) potentially offered for sale.
Retail Entitlement Offer	The accelerated pro-rata renounceable entitlement offer to Eligible Shareholders.
Retail Entitlement Offer period	Friday, 7 December 2018 to 5.00pm (Sydney, Australia time) on Tuesday, 18 December 2018 or any other dates as may be determined by the Company.
Retail Premium	Any proceeds in excess of the Offer Price per New Share that may be achieved under the Retail Bookbuild.
Section	A section of this booklet.
Shareholder	A holder of Shares as recorded on the Company's share register.
Shares	A fully paid ordinary share in the capital of the Company.
Stabilisation Manager	Morgan Stanley Asia Limited.
Underwriters	The underwriters of the Hong Kong Public Offering, being Morgan Stanley Asia Limited, CMB International Capital Limited, BOCI Asia Limited, Citigroup Global Markets Asia Limited, CCB International Capital Limited, China Everbright Securities (HK) Limited, Cinda International Securities Limited, Haitong International Securities Company Limited and Zhongtai International Securities Limited and the underwriters of the International Offering (as defined in the Chairman's letter), being Morgan Stanley & Co. International plc, CMB International Capital Limited, BOCI Asia Limited, Citigroup Global Markets Limited, CCB International Capital Limited, China Everbright Securities (HK) Limited, Cinda International Securities Limited, Haitong International Securities Company Limited and Zhongtai International Securities Limited.
US\$, USD or US Dollar	The lawful currency of the United States of America.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
Yankuang	Yankuang Group Company Limited.
Yanzhou	Yanzhou Coal Mining Co., Ltd.

Corporate Directory

REGISTERED OFFICE

Yancoal Australia Ltd (ASX:YAL)
Darling Park Tower 2
Level 18, 201 Sussex Street
Sydney NSW 2000

WEBSITE

www.yancoal.com.au

AUDITOR

ShineWing Australia
Level 8
167 Macquarie Street
Sydney NSW 2000

AUSTRALIAN LEGAL ADVISER

Gilbert + Tobin
Level 35, Tower Two, International Towers Sydney
200 Barangaroo Avenue
Barangaroo NSW 2000

BOOKRUNNER

Morgan Stanley Australia Securities Limited
Level 26, Chifley Tower
2 Chifley Square
Sydney NSW 2000

SHARE REGISTRY

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

Tel (within Australia): 1300 855 080
Tel (outside Australia): +61 3 9415 4000

OFFER INFORMATION LINE

Australia 1300 855 080

International +61 3 9415 4000

Open 9.00am to 5.00pm (Sydney, Australia time)
Monday to Friday during the Retail Entitlement Offer
period

Annexure A: Selected Extracts of HK Prospectus

RISK FACTORS

An investment in the Shares involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with all other information contained in the prospectus, before deciding whether to invest in the Shares. If any of the following events occur or if these risks or any additional risks not currently known to us or which we now deem immaterial materialise, our business, financial condition, results of operations and our ability to meet our financial obligations could be materially and adversely affected. The market price of the Shares could fall significantly due to any of these events or risks or such additional risks, and you may lose your investment. The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Coal prices are cyclical and subject to fluctuations, and any significant decline in the prices we receive for our coal products would materially and adversely affect our business, financial condition and results of operations.

Substantially all of our revenue is derived from the sale of coal products, and therefore our results of operations are highly dependent upon the prices we receive for our coal. In developing our business plan and operating budgets, we make certain assumptions regarding future coal prices and demand for coal. Coal prices are cyclical and fluctuate depending on conditions in the global and regional coal markets. These markets are sensitive to changes in coal mining capacity and output levels, the outcome of future sale contract negotiations, patterns of demand and consumption of coal, environmental, coal import and other regulations, technological developments, the price and availability of competing coal and alternative fuel supplies, changes in international freight rates or other transportation infrastructure costs, changes in foreign exchange rates, labour disruptions, economic downturns, the status of global, regional and local credit markets, and other macroeconomic conditions. As a consequence of any of these factors, the underlying coal price assumptions relied on by us may change and actual coal prices and demand may differ from those expected.

Specifically, the prices for our coal products are affected by conditions in the Asia-Pacific region, particularly in the major coal supplying countries such as Australia and Indonesia, and the major coal consumption countries such as the PRC, India, Japan and South Korea, as well as the coal consumption patterns of the electricity generation and steel industries which are the principal end consumers of our coal products. Power generation from coal remains a cost-effective form of energy, and new thermal generation capacity continues to be installed, in many of our key Asian markets. However, the increasing focus on renewable energy generation and environmental regulations, and the consequential decline in electricity generation from fossil fuels, is expected to result in the share of coal powered electricity generation reducing from 41% of global electricity generation in 2017 to 39% by 2020. A decrease in thermal electricity generation may consequently result in reduced demand for thermal coal. Demand for metallurgical coal, which is widely used in steel production, may decline if adverse conditions in the infrastructure and property sectors in our key markets result in lower demand for steel. The PRC's rapid economic growth, its investment in major infrastructure projects and its shift from being a net exporter of coal to a net importer was a major contributor to the growth in coal demand in the past decade. The pace of economic growth in the PRC has slowed, and while there is optimism regarding demand for metallurgical coal in markets such as India in the long term, this may not be sufficient to replicate the scale of the PRC's demand over the past decade. See "Industry Overview". Coal demand and prices may also be affected by the recent tariffs imposed by the U.S. government on steel and other products imported from various countries. In response, certain countries have imposed tariffs on U.S. exports, and others have sought recourse to the World Trade Organisation. While we are not able to predict the outcome of these trade disputes or their effect on our business, it is possible that they will affect demand and prices in our industry.

Local factors also affect coal prices. With the PRC government, which has had significant influence on coal supply and demand, relaxing its domestic production restrictions in December 2016, premium thermal coal spot prices have moved over a broad range from US\$98.5 per tonne at the end of 2016 to a low of US\$71 per tonne in May 2017 to a high of US\$123 per tonne in July 2018. Hard coking coal prices were affected when Cyclone Debbie struck the Queensland coast in 2017, resulting in a substantial increase in the price of premium hard coking coal to an average of US\$209 per tonne for the year, an increase of approximately US\$100 per tonne compared to 2016. See *“Industry Overview”* and *“Financial Information of the Group – Significant Factors affecting our Results of Operations and Financial Condition – Price and Sales Volume of Coal – Sales Price”*. Strong demand and limited supply due to these and other factors have resulted in high coal prices prevailing in the market since the middle of 2017. Both thermal coal and metallurgical coal prices are expected to decline in the next few years.

In November 2018 China imposed a quota on imports of coal, following which China has halted coal imports for the remainder of the year. We believe that this development will not have a material impact on us. However, if the Chinese government were to impose stricter import quotas for 2019 or future periods, our revenues and results of operations in future periods could be adversely affected unless we are able to find alternative destinations for the coal we designate for export to China.

Our sales contracts provide for either fixed or indexed pricing arrangements. In 2015, 2016 and 2017 and the six months ended 30 June 2018, approximately 7.0%, 12.5%, 9.5% and 9.0% of our coal sales were made pursuant to fixed price arrangements with a term of more than 12 months and approximately 93.0%, 87.5%, 90.5% and 91.0% of our coal sales were made pursuant to indexed pricing arrangements referenced to various product categories, such as the globalCOAL NEWC index, API5 and Platts. However, spot pricing has become significantly prevalent in the market, particularly for metallurgical coal, which may contribute to price fluctuations as buyers and sellers on the spot market are more sensitive to market volatility. If we are required to renegotiate or adjust prices under our coal supply agreements in a manner that results in a sustained decline in the prices we receive for our coal products, our business, financial condition and results of operations would be materially and adversely affected.

Our coal production is subject to conditions and events beyond our control that could result in high expenses and decreased supply.

Our financial performance is dependent on our ability to sustain or increase coal production and maintain or decrease operating costs on a per tonne basis. Our coal production and production costs are subject to conditions and events beyond our control which could disrupt our operations and have a significant impact on our financial results. Adverse operating conditions and events that we have experienced in the past or may experience in the future include:

- changes or variations in coal quality or geologic, hydrologic or other conditions, such as deterioration of seam quality, variations in the thickness of the coal seams, excessive groundwater or inability to safely or economically manage gas risks;
- critical mining, processing and loading equipment failures and unexpected maintenance problems, such as unforeseen delays or complexities in installing and operating longwall mining systems;
- difficulties associated with mining under or around surface obstacles;
- adverse weather and natural disasters, such as heavy rains and flooding, lightning strikes, hurricanes or earthquakes;
- accidental mine water discharges, coal slurry releases and failures of an impoundment or refuse area;
- ground or slope failures;
- excessive drought leading to a lack of efficiencies in the operation of site water;

- mine safety accidents, including fires and explosions from methane and other sources (see also “– Our operations may be affected by uncertain mining conditions and we may suffer losses resulting from mining safety incidents, which may not be covered by our insurance.”);
- a shortage of skilled and unskilled labour;
- strikes and other labour-related interruptions;
- security breaches or terrorist acts;
- fatalities, personal injuries or property damage arising from unexpected hazards or incidents; and
- competition or conflicts with other natural resource extraction activities and production within our operating areas.

These conditions and events could also adversely affect the value of our coal inventories, which we state at the lower of cost, which is assigned on a weighted average basis and includes direct materials, direct labour and certain overheads, and net realisable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We write down coal stocks from cost to net realisable value when we determine that such write down is appropriate in the course of assessing our stocks for obsolescence. Coal stock write downs amounted to A\$12 million, A\$1 million, A\$1 million and A\$1 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively.

Our coal supply agreements typically require the delivery of a fixed or minimum quantity of coal at a location, at a time and over a period stipulated in the agreement. To the extent that any contracted volumes cannot be delivered as agreed, we may be liable to pay compensation for the resulting losses, costs and charges (including demurrage) incurred by the buyer. Further, there may be changes in the costs of our mining and processing operations as well as capital costs, including due to unforeseen events such as international and local economic and political events, movements in exchange rates or unexpected geological or mining conditions. Any disruption of our operations or increase in costs due to any of the events or conditions described above or otherwise could have a material adverse effect on our business, financial condition and results of operations.

In addition, our mining operations are concentrated in a limited number of mines. Our three flagship mines, HVO (which is operated as an unincorporated joint venture with Glencore), MTW and Moolarben, together accounted for approximately 91.6% of the total coal sales (on an attributable basis) from our mines in the six months ended 30 June 2018 on a pro forma basis (as if the Moolarben Acquisition, the C&A Acquisition, the Warkworth Transaction and the Glencore Transaction had been completed on 1 January 2017), as well as 93.3% of the Coal Reserves and 93.6% of the Marketable Coal Reserves in mines we have ownership interests in and operate as at 30 June 2018 (on a 100% basis). As a result, the effects of any of these conditions or events may be exacerbated and may have a disproportionate impact on our business, financial condition and results of operations.

Coal markets are highly competitive and are affected by factors beyond our control.

We face competition in all aspects of our business, including sales and marketing, pricing of coal, production capacity, coal quality and specifications, transportation capacity, cost structure and brand recognition. Our coal business competes in the domestic and international markets with other large domestic and international coal producers. In addition, ongoing consolidation in the Australian coal industry has increased the level of competition we face. Our competitors in Australia include Peabody Energy, Whitehaven, Centennial Coal and New Hope among the pure-play coal producers, and Glencore, BHP and Anglo American among the diversified mining companies. Our principal competitors in the Asian seaborne market include major Indonesian coal companies such as PT Bumi Resources Tbk. and PT Adaro Energy Tbk.. We also face competition in our end markets such as the PRC and India, as well as from other coal exporting nations such as the United States, Canada, South Africa, Colombia and Russia.

Production costs are a key competitive differentiator in the coal mining business. Factors that directly influence coal producers' production costs include the geological characteristics of their coal deposits such as the depth of underground reserves (for underground mines) and the strip ratio of open cut reserves (for open cut mines), transportation costs, and labour availability and cost. Furthermore, our competitors may have higher production capacities, stronger brand names and better financial, marketing, distribution and other resources than we do. We may not be able to maintain our competitiveness if changes or developments in the market weaken our existing competitive advantages. Efforts by our competitors to improve the quality of their coal may render obsolete or irrelevant any competitive advantage we have over them. Over the past two decades, a growing world coal market and increased demand for coal worldwide have attracted new investors to the coal industry, encouraged the development of new mines and the expansion of existing mines in various countries, including Australia and the PRC, and resulted in added production capacity throughout the industry. Subsequent overcapacity in the industry has contributed, and may in the future contribute, to lower coal prices. Our inability to maintain our competitive position as a result of these or other factors could have a material adverse effect on our business, financial condition and results of operations.

Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production shutdowns and fatalities, and further such incidents and outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown.

In 2017, the Austar mine, which is owned by Watagan and managed by us, produced approximately 1.7 Mt of semi-hard coking product coal and as at 30 June 2018 had JORC ROM Coal Reserves totalling 41 Mt and Marketable Coal Reserves totalling 31 Mt. Multiple incidents have occurred at the mine due to coal bursts and other occurrences. A major incident in the maingate A9 development panel in the Stage 3 area of the Austar mine on 15 April 2014 led to the death of two workers. The Resources Regulator, which is now part of the Department of Planning and Environment of the New South Wales government, regarded the incident as serious and a possible contravention of health and safety laws, and conducted an investigation into the matter including the mine's safety managements systems and the level of compliance with health and safety laws by officers. The investigation identified that the incident was a result of a pressure burst of such magnitude and volume as to render the installed rib support ineffective. Following the investigation, the Resources Regulator notified Yancoal Australia Ltd and Austar Coal Mine Pty Ltd in April 2016 that it had decided not to institute prosecution proceedings.

On 19 August 2016, a coal burst occurred in longwall panel B2 in the Bellbird South working area of the Austar mine. A prohibition notice was issued by the Resources Regulator in relation to the incident. A prohibition notice is a direction to prohibit an activity issued when a mine inspector reasonably believes that there is a serious risk emanating from an immediate or imminent exposure to a hazard. The prohibition notice in relation to the Austar mine was cancelled on 14 September 2016. Additional safety controls were implemented at the mine, including the introduction of coal burst protection conveyor mats supported from the flippers of the longwall shields, the deployment of restricted face zones on the longwall face and the use of shield flippers to provide protection to workers, and these controls have been subsequently improved over time. No proceedings were commenced by the Resources Regulator in relation to this incident and the option of the Resources Regulator to commence such proceedings expired on 19 August 2018.

On 2 February 2018, an initial coal burst occurred in longwall panel B4 of the Bellbird South area of the Austar mine which resulted in minor injuries to a worker. A prohibition notice was issued as a result of that incident. This notice was varied by a replacement prohibition notice on 8 February 2018 which ceased to have effect on 21 February 2018. Subsequently, a series of coal bursts occurred in longwall panel B4 in the Bellbird South area of the Austar mine on 21 February 2018, 23 February 2018, 13 March 2018 and 15 March 2018, none of which resulted in any injuries to workers although the 23 February 2018 event caused damage to the longwall shearer. Another coal burst occurred on 16 March 2018, and while no injuries were caused a prohibition notice was issued by the Resources Regulator. This prohibition notice was subsequently replaced with a fresh prohibition notice on 9 April 2018, which was in turn replaced by another notice on 12 May 2018 that allowed limited mining activities. An additional coal burst occurred on 17 May 2018 which did not result in any injuries, but caused damage to the longwall shearer and resulted in another prohibition notice being issued on 18 May 2018.

Between 19 February 2018 and 24 May 2018, we made a series of submissions to the Resources Regulator seeking to have the prohibition notices dated 12 May 2018 and 18 May 2018 cancelled. On 1 June 2018, we were notified by the Resources Regulator that its investigation unit had commenced an investigation into all coal bursts that have occurred at the Austar mine since 15 April 2014. As part of this investigation, four notices to obtain documents, information and evidence were issued, which were complied with on 22 June 2018, 27 June 2018, 31 July 2018 and 15 August 2018 respectively, as required. Inspectors from the investigation unit commenced interviews with longwall deputies in the last week of July 2018 and their investigation is ongoing and the results are pending. Four further notices to obtain documents, information and evidence were issued by a separate section of the Resources Regulator, which were complied with on 26 June 2018, 10 July 2018, 20 August 2018 and 24 August 2018 respectively, as required.

Following agreement as to the provision of limited information to the Resources Regulator, the two prohibition notices dated 12 May 2018 and 18 May 2018 were cancelled on 30 July 2018 and 3 August 2018, respectively. Operations at Austar recommenced on 14 August 2018 subject to certain restrictions and remediation measures set out in a notice issued by the Resources Regulator on 3 August 2018. This prohibition notice imposes certain conditions (e.g. with respect to stress measurement tests, amongst other things) relating to mining up to a particular location in the current B4 longwall panel where the longwall equipment will then be recovered and relocated to the next longwall panel for further mining. On 30 August 2018 operations were halted on account of technical issues related to de-stressing activity in certain areas of the long wall, and on 5 September 2018 a prohibition notice was received relating to this activity which was cancelled on 28 September 2018. As at the Latest Practicable Date, the prohibition notice issued on 3 August 2018 remained in force. The nature of the geological and technical challenges faced at the Austar mine exposes us to the risk of future prohibition notices and production delays at the mine.

For further details, see *“Business – Health, Safety and Environmental Matters – Safety Incidents.”*

These incidents have resulted in production shutdowns, increased expenses and consequent loss of revenue from the Austar mine. Ongoing work is being undertaken by Watagan in respect of the very challenging geological and geotechnical conditions at the mine, including both the Bellbird South and Stage 3 areas. If similar incidents occur in the future or if it is determined by Watagan that normal operations cannot be recommenced or continued at Austar, or production needs to be stopped indefinitely or permanently, it is likely that the fair value of the mine will be reduced materially, which would adversely affect our financial condition and results of operations.

We will be required to re-consolidate Watagan once we re-acquire control of it, which could result in adverse consequences to our financial condition and results of operations.

Effective on and from 31 March 2016, the Company entered into certain financing arrangements with Watagan (a newly established subsidiary of the Company at the time), Industrial Bank Co., Ltd (**“IBC”**), BOCI Financial Products Limited (**“BOCIF”**) and United NSW Energy Limited (**“UNE”** and together, the **“Bondholders”**). These arrangements involved the issue of US\$775 million nine-year secured bonds by Watagan to IBC, BOCIF and UNE (the **“Watagan Bonds”**), a loan facility agreement between Watagan and the Company, and certain other agreements or deeds ancillary to the issue of the bonds (together, the **“Watagan Agreements”**).

In accordance with the terms of the Watagan Agreements, our interests in the Ashton, Austar and Donaldson mines were transferred to Watagan for consideration of A\$1,363 million (equal to the book value of the three mines at the time). Watagan fully funded the purchase with an A\$1,363 million loan from us bearing interest at the bank bill swap bid rate on the first day of each interest period plus 7.06% with a maturity date of 1 April 2025. The outstanding interest and principal of this loan is guaranteed by Yankuang, our ultimate controlling shareholder. Watagan can make prepayments of the outstanding loan balance at any time, and (subject to there being no default continuing and other customary conditions) any amounts prepaid may be redrawn by Watagan in the future for specified permitted purposes. As at 30 June 2018 the loan receivable from Watagan was A\$730 million (re-drawable to A\$1,363 million).

While we wholly-own Watagan, upon the issuance of the Watagan Bonds, the Bondholders were given the power to nominate two of its three directors, which together with other terms included in the Watagan

Agreements resulted in the determination that we had lost accounting control of Watagan. The loss of accounting control resulted in us deconsolidating the financial results of Watagan as a subsidiary from our consolidated financial statements with effect from 31 March 2016. From that time, we began to account for our equity interest in Watagan as an associate rather than a subsidiary. We also designated the value of the Ashton, Austar and Donaldson mines as assets classified as held for sale as at 31 December 2015, pending completion of their transfer to Watagan in early 2016. While Watagan is deconsolidated from our consolidated financial statements for accounting purposes, Watagan remains within our tax consolidated group as a result of our ongoing 100% equity ownership of Watagan.

The determination of loss of accounting control of Watagan is a matter of accounting judgement, which could be subject to review and change. The International Financial Reporting Standards (“IFRS”) under which we prepare our financial statements requires us to make certain judgements and estimates when preparing our financial statements, and are issued by the International Accounting Standards Board (“IASB”), along with other authoritative pronouncements and interpretations. The IASB or other agencies and authorities may not agree with the judgements or estimates applied by us. Moreover, the IASB may amend IFRS and the related pronouncements and interpretations or replace them with new standards, and such amendment or replacement is beyond our control. Any changes to IFRS or to the interpretation of those standards, such as a change which would require us to reconsolidate Watagan’s results and financial position ahead of the scheduled date in 2025, may have an adverse effect on our reported financial performance or financial position.

Watagan is required to redeem all of the outstanding Watagan Bonds on the maturity date of 8 January 2025 (if the put option is exercised on or after 1 January 2025, the maturity date would be deferred to 1 April 2025), and may elect to redeem any or all of them commencing from 31 March 2019. Additionally, the Bondholders have a put option that allows them to transfer the issued Watagan Bonds at face value to Yankuang during specified put option exercise windows during the first week of January in each of 2019, 2021, 2023 and 2025. The Bondholders may also exercise the put option after 1 January 2019 while an event of default under the bond terms is subsisting in relation to Watagan or Yankuang. The put option must be exercised by a Bondholder in respect of all (but not some) of its respectively held bonds. If the put option is exercised (i) by UNE, as the instructing Bondholder of the investor syndicate, or (ii) with respect to at least 50.1% of the face value of the Watagan Bonds, the put option will be deemed to have been exercised as to all of the bonds.

In accordance with the Watagan Agreements, if Yankuang becomes the sole bondholder of the Watagan Bonds following the purchase of the bonds by Yankuang consequent to the exercise of the put option, certain bondholder rights, including the right to nominate a majority of the board of directors, would terminate, and these rights would revert to the Company as the sole shareholder of Watagan. Watagan would thereafter owe an amount payable to Yankuang for the face value of the put bonds, minus any capitalised interest. Watagan would separately pay to the exercising Bondholders the accrued interest and any capitalised interest on the put bonds.

If (i) Bondholders holding a sufficient proportion of the principal amount of the Watagan Bonds exercise their put option to Yankuang, such that Yankuang acquires all of the bonds (ii) Watagan redeems all of the Watagan Bonds or (iii) certain other events occur (such as a change to the terms and conditions of the Watagan Bonds that gives us the power to nominate the majority of the board of Watagan) that would result in us regaining control of Watagan, we will be required to reconsolidate Watagan as a subsidiary into our consolidated financial statements from the time that control is determined to be regained. We do not currently have any plan or intention to effect the early redemption of the Watagan Bonds.

Upon reconsolidation, we will (i) cease to recognise interest income on the Watagan loan, which in the year ended 31 December 2017 and the six months ended 30 June 2018 was A\$67 million and A\$32 million, respectively, forego the margin recognised under the various service agreements, and de-recognise the Watagan loan receivable, which as at 30 June 2018 was drawn to A\$730 million, as these amounts will become intercompany balances and will be eliminated on consolidation; (ii) recognise an interest expense on the Watagan Bonds (or the Yankuang loan if the put option has been fully exercised), which during the year ended 31 December 2017 and the six months ended 30 June 2018 was A\$102 million and A\$35 million, respectively, and recognise the fair value of the Watagan Bonds at that time, which as at 30 June 2018 had a book value of A\$1,049 million; and (iii) recognise the operating results of Watagan, including the three

Watagan Mines, in our statement of profit and loss and recognise the fair value of the assets and liabilities of Watagan (including the Watagan Bonds) on our balance sheet at that time. In 2016 and 2017 and the six months ended 30 June 2017 and 2018, Watagan had loss after tax of A\$162 million, A\$58 million, A\$7 million and A\$90 million, respectively. See note 23(a) to the Accountants' Report of the Group in Appendix IA to this prospectus for further stand-alone financial information of Watagan during the Track Record Period.

The loss after tax of A\$162 million in 2016 was due in significant part to the Austar mine only commencing longwall mining activities in the Bellbird South area half way through the year following a fatal incident in the Stage 3 area in 2014. The improvement in performance to a loss after tax of A\$58 million in 2017 was primarily due to an improvement in coal prices between the periods and a full year of production at Austar, partially offset by an increase in finance costs primarily due to an additional A\$30 million of interest owing to the bondholders due to Watagan achieving an EBITDA related threshold. The loss of A\$90 million in the six months ended 30 June 2018 was primarily due to a significant reduction in production at the Austar mine due to the occurrence of multiple coal bursts resulting in repeated shutdowns during the period. See *"Risk Factors – We will be required to re-consolidate Watagan once we re-acquire control of it, which could result in adverse consequences to our financial condition and results of operations"* and *"Risk Factors – Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production shutdowns and fatalities, and further such incidents and outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown"*.

Since Watagan has thus far been loss-making and has incurred ordinary course depreciation and amortisation, the book value of Watagan's net assets has declined since inception and at 30 June 2018 was negative A\$311 million as noted in Appendix IA to this prospectus. The book value decline is not necessarily an indicator of Watagan's fair value. If the fair value of Watagan's net assets is negative (meaning that the value of its assets is lower than the value of its liabilities, including any outstanding loan balances) at the time of reconsolidation, goodwill will be recognised by the Company. This goodwill will be subject to impairment testing based on the cash generating units to which it is allocated. To the extent that any goodwill recognised cannot be supported by an impairment model, it will be written off by the Company as a loss on acquisition. Similarly, if, prior to reconsolidation and while we recognise a loan receivable from Watagan, there is a determination of a decline in the fair value of Watagan, an impairment assessment of the carrying value of the outstanding loan balance will be required. As at 30 June 2018, the total assets of the Company was A\$11,914 million and the total liability of the Company was A\$6,649 million, and the total assets of Watagan was A\$1,783 million and the total liabilities of Watagan was A\$2,094 million. The impact of reconsolidating Watagan as at 30 June 2018, without reflecting any fair value adjustments that may arise on reconsolidation (including the recognition of any potential goodwill as noted above), and after intercompany balance eliminations of A\$827 million for both total assets and total liability, would be material. Our gearing ratio (which is calculated as gross debt divided by total equity at the end of the relevant period) would exhibit a material increase from our gearing ratio of 0.81x as at 30 June 2018, primarily due to Watagan's interest-bearing debt and negative equity position as at that date.

During the Track Record Period, Donaldson's remaining Abel underground mine was moved to a care and maintenance phase and feasibility studies were subsequently commenced to explore potential future mining operations. In addition, multiple incidents have recently occurred in the Austar mine's Bellbird South area due to coal bursts and other occurrences. These incidents have resulted in property and site damage and consequent loss of production and shutdowns, including as a result of the regulator issuing notices to stop production for periods of time, during the Track Record Period. Ongoing work is being undertaken by Watagan in respect of the very challenging geological and geotechnical conditions at the Austar mine, including both the Bellbird South and Stage 3 areas that may have a significant adverse impact on future commercial operations. See *"– Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production shutdowns and fatalities, and further such incidents and outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown"* for further details.

The future prospects of the Donaldson and Austar mines are therefore uncertain, and will depend upon the work currently being conducted by Watagan and its advisers. If it is determined, by Watagan, that either or both mines are unable to return to previously forecast levels of production, there is a need to proceed to a

permanent shutdown, or there are materially negative changes to other operating assumptions, including coal prices, exchange rates, operating costs or capital expenditure, it is likely that the fair value of those mines, and therefore of Watagan, would be reduced materially. In that event, a material impairment charge may be recognised on the Watagan loan receivable, prior to reconsolidation, or any goodwill recognised on reconsolidation. In addition, the Bondholders may be more inclined to exercise the put option which, as described above, will result in the reconsolidation of Watagan. We do not control Watagan and as such are not able to control or predict the amount of any such impairment or the extent of the resulting effect on our financial condition and results of operations, which could be material and adverse. See also “– Our assets may be subject to impairment risks which could adversely affect their value.”

We derive a significant portion of our revenue from a limited number of customers, and the loss of, or a reduction in, sales to any of these customers could materially and adversely affect our business, financial condition and results of operations.

We generate a substantial portion of our total coal sales from a small number of customers. In 2015, 2016 and 2017 and the six months ended 30 June 2018, our top five customers accounted for 47.8%, 38.8%, 32.3% and 33.8% of our revenue, respectively, in the aggregate, and our top three customers accounted for 39.5%, 29.1%, 21.7% and 26.5% of our revenue, respectively, in the aggregate. The Noble Group Limited and its affiliated entities (the “**Noble Group**”) was one of our largest customers by revenue in 2015, 2016 and 2017. We expect revenues from the Noble Group as a percentage of our total revenues to decline as a result of the ad hoc nature of contracts, price movements and spot volumes and spot volume variations. Our current coal sales contract with the Noble Group is due to expire in December 2018.

Through Yancoal Australia Sales Pty Ltd, a subsidiary of the Company, we also commenced arbitration proceedings against the Noble Group in May 2018 seeking relief, including damages, on account of the Noble Group failing to purchase coal under an existing contract. This contract provides for de facto liquidated damages payments from Noble Group in the event that the Noble Group fails to purchase coal from us, which represents the amount claimed by us in these proceedings. As at the Latest Practicable Date, this claim is in the early stages of arbitration proceedings. In a separate matter, on 3 August 2018, the Noble Group commenced proceedings in the Supreme Court of New South Wales (an Australian State court) purporting to terminate a marketing services contract, claiming an allegedly unpaid marketing fee for 2014, damages for losses said to arise from alleged breaches of the contract in 2015 to 2017, and damages for “loss of bargain” as a result of the alleged repudiation of the contract by Gloucester Coal, a subsidiary of the Company. The Noble Group also alleges that the Company caused or procured Gloucester Coal to breach the contract. The claim derives mainly from the Noble Group’s allegation that Gloucester Coal failed to notify and pay marketing fees, and to provide certain information to the Noble Group so as to allow the Noble Group to verify the marketing fees payable (if any), which allegedly had the effect of Gloucester Coal repudiating the contract. As at the Latest Practicable Date, the parties continue to exchange pleadings in respect of the proceedings. See “*Business – Legal Proceedings and Non-Compliance*” for further details.

We expect that our revenues will continue to depend on sales to a limited number of major customers for the foreseeable future and the loss of one or more of these major customers, or a significant deterioration in our relationship with them, could materially and adversely affect our business, financial condition and results of operations.

Fluctuations in transportation costs and disruptions to our railway and port linkages could disrupt our coal deliveries and adversely affect our business, financial condition and results of operations.

We rely primarily on third party operated railway networks and ports to transport and deliver coal to our customers. Transportation costs are a significant expense and accounted for 19.8%, 21.6%, 12.0% and 11.7% of our total revenue in 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. See also “*Business – Infrastructure, Transportation and Logistics*” and “*Financial Information of the Group – Significant Factors Affecting our Results of Operations and Financial Condition – Price and Sales Volume of Coal – Sales Volume*.”

A deterioration in the reliability of services provided by our transportation service providers or disruptions to any of the transportation services we rely on due to weather-related problems, key equipment or infrastructure

failures, industrial action, rail or port capacity constraints, congestions, failure to obtain consents from third parties for access to rail or land, access being removed or not granted by regulatory authorities, failure or delay in the construction of new rail or port capacity, terrorist attacks or other events could impair our ability to supply coal to our customers, resulting in decreased shipments and revenue. In December 2017, the Queensland Competition Authority issued a draft ruling that would reduce the rate of return that can be charged by Aurizon, the only major coal rail network operator in Queensland, on its network routes. In response, Aurizon decided to modify its maintenance practices, as a result of which its customers will not be able to arrange for the transportation of coal in excess of the capacity guaranteed under the terms of their contracts with Aurizon. These events have not had any significant effects on the operations of Middelmount and Yarrabee, our Queensland mines, since our current production volumes from these mines are less than the transportation capacity agreed with Aurizon. However, if the production volumes from these mines increase significantly, we may not be able to transport all of the increased volume. Further, significant increases in transport costs due to factors such as the introduction of emissions control requirements and fluctuations in the price of diesel fuel and demurrage could make our coal less competitive when compared to coal produced from other regions. Disruptions in shipment or increase in costs over longer periods of time could cause our customers to look to other sources for their coal needs, negatively affecting our business, financial condition and results of operations.

We also enter into transportation agreements with national and privately operated railway networks, rail haulage operators and ports to secure transportation capacity, generally via long-term take-or-pay arrangements. As the transportation capacity secured by these agreements is based on assumed production volume, we may have excess transportation capacity (which, in the case of take-or-pay agreements, we will have to pay for even if unused) if our actual production volume is lower than our estimated production volume. Conversely, we may not have sufficient transportation capacity if our actual production volume exceeds our estimated production volume or if we are unable to transfer the full capacity due to contractual limitations such as requirements for the coal to emanate from specified source mines or be loaded onto trains at specified load points. We currently have excess port capacity commitments across our New South Wales operations, which represents a significant cost of operations. In 2017 we reduced our take-or-pay exposure for contracted but unutilised capacity to A\$65 million in excess of planned sales (including take-or-pay contracts obtained under the C&A Acquisition) from A\$74 million in 2016 (on a 100% basis including Middelmount). For 2018, the take-or-pay commitments are estimated to total approximately A\$43 million in excess of our expected access requirements. Our logistics team continues to implement strategic measures to reduce our take or pay exposures, including the trading of our under-utilised contracted capacity between sites and with third parties on an ad hoc basis. However, we may not be able to materially reduce our take-or-pay commitments through such means, or at all.

Our sales contracts with customers allow them to terminate the contracts upon the occurrence of certain events.

Our sales contracts generally contain provisions that allow our customers to suspend or terminate the contracts if, depending on the contract:

- we commit a material breach of the terms of the contract;
- a change in law restricts or prohibits a party from carrying out its material obligations under the contract;
- we become insolvent, pass a resolution for winding up, institute or have instituted against us any proceedings for insolvency or are subject to similar occurrences;
- any document which secures, guarantees or otherwise supports the performance of our obligations under the contract is terminated or expires, or we materially breach the terms of or disaffirm or reject any such document; or
- a material adverse change occurs in our financial standing or creditworthiness such that in the reasonable opinion of our customer (exercising good faith), our ability of to perform our obligations under the contract becomes materially impaired.

See also “*Business – Marketing and Sales Arrangements*”. If our customers were to terminate our sales contracts for these reasons or otherwise, our results of operations would be adversely affected.

Our existing and future indebtedness could restrict our financial and operational flexibility and adversely affect our financial condition.

As at 30 June 2018, we had A\$4,300 million of indebtedness, of which A\$17 million will mature within one year and A\$2,414 million will mature within two to five years. Our existing and future indebtedness could have important consequences in relation to our business. For example, it could:

- make it more difficult for us to pay or refinance our debts as they become due during adverse economic and industry conditions because any related decrease in revenues could cause us to not have sufficient cash flows from operations to make our scheduled debt payments;
- subject us to operating restrictions that limit our flexibility in planning for changes to our business and limiting our ability to pursue our strategic growth plans;
- force us to seek additional capital, restructure or refinance our debts, or sell assets;
- cause us to be less able to take advantage of significant business opportunities such as acquisition opportunities and to react to changes in market or industry conditions;
- cause us to use a portion of our cash flow from operations for debt service, reducing the availability of working capital and delaying or preventing investments, capital expenditure, research and development and other business activities;
- cause us to be more vulnerable to general adverse economic and industry conditions;
- expose us to the risk of increased interest rates because certain of our borrowings are at variable rates of interest;
- expose us to the risk of foreclosure on substantially all of our assets and those of most of our subsidiaries, which secure certain of our indebtedness, if we default on payment or are unable to comply with covenants or restrictions in any of the agreements; and
- limit our ability to borrow, or increase the cost of borrowing, additional monies in the future to fund working capital, capital expenditure and other general corporate purposes.

Our ability to meet our debt service obligations will depend on our future cash flow from operations and our ability to restructure or refinance our debt, which will depend on the condition of the credit and capital markets and our financial condition.

Further, we are subject to various financial covenants under the terms of our banking facilities. These covenants may, for example, require the maintenance of a minimum net worth, net tangible assets or interest cover ratio or a maximum gearing or leverage ratio. Factors such as adverse movements in interest rates and coal prices, appreciation of the A\$, deterioration of our financial performance or change in accounting standards could lead to a breach in financial covenants. If there is such a breach, the relevant lenders may require their loans to be repaid immediately or cancel the further availability of their facilities. Some covenant breaches may not be an immediate default but may restrict our ability to make distributions or otherwise limit expenditure.

As a shipper in the NCIG and WICET terminals, some of our source mines are required to maintain a specified minimum level of Marketable Coal Reserves. Noncompliance with this requirement may ultimately result in the termination of the individual contracts and require the payment of our share of any outstanding senior debt in those entities and terminals.

We may not be able to meet our capital expenditure requirements or secure additional financing on favourable terms, whether from external sources or our major shareholders, in the future.

Our business is capital intensive and will require substantial expenditure for, among other things, the construction of our key projects, machinery and equipment and operational capital expenditure. We had capital expenditure of A\$333 million, A\$383 million, A\$345 million and A\$84 million in 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively, which included, for example, projects such as the Moolarben expansion.

We intend to use cash on hand, funds from operations and additional debt and equity financing to finance our current and future capital expenditure. However, we may not be able to obtain sufficient amounts of capital in a timely manner, on terms acceptable to us, or at all, which could result in a material adverse effect on our business, financial condition and results of operations.

Our debt obligations of A\$4,300 million as at 30 June 2018 could have significant consequences for our operations, including reducing the availability of our cash flow to fund working capital, capital expenditure, acquisitions and other general corporate purposes as a result of our debt servicing obligations, limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, our industry and the general economy and potentially limiting our ability to obtain, or increasing the cost of, any additional financing. Our business operations and cash flows are highly sensitive to any fluctuation in the US\$ coal price, movements in the A\$:US\$ exchange rate and coal production from our operations. Accordingly, in developing our business plan and operating budget, we have made certain assumptions regarding coal prices, the A\$:US\$ exchange rate, future production levels and other factors which determine our financial performance. The actual amount of funding required in the future will depend on a number of factors, including the performance of our business at that time, and may differ from our estimates of capital expenditure required. In addition, our business plans may change from time to time due to changing circumstances, new opportunities or unforeseen contingencies. If our capital expenditure requirements differ from our estimates or we change our business plans, we may need to obtain additional external financing to meet our capital expenditure plans, which may include bank borrowings or issuances of debt securities.

We may not be able to raise sufficient financing to fund our future capital expenditure and service our debt obligations or at all. Further, there is no guarantee that we will be able to refinance our existing committed credit facilities on favourable terms as and when the existing facilities mature. More specifically, US\$1.95 billion of our debt as at 30 June 2018 would have become due for repayment in between 2020 and 2022, and we may not be able to refinance this debt. A number of investment groups and financial institutions have announced either a change in, or intention to consider a change in, investment mandates so their groups can no longer invest in or lend to companies with coal exposure. This may impact our ability to refinance our existing debt and to attract new financing.

If a funding shortfall materialises, we may be required to rely on our shareholders, including Yanzhou, to fulfil our funding requirements. Yanzhou has provided us with a A\$1.4 billion loan facility (of which A\$1.1 billion had been drawn as at 30 June 2018) to support the ongoing operations and the expansion of the Group and enable it to pay debts as and when they fall due. In addition, Yanzhou had provided a letter of support pursuant to which, unless revoked by giving not less than 24 months' notice, for so long as it owns at least 51% of the Shares, it will ensure that the Company continues to operate so that it remains solvent. On 28 July 2017, Yanzhou reconfirmed to the Company that this undertaking remains in place on its current terms, and that Yanzhou has the financial capacity to perform its obligations under it. However, this undertaking may be revoked by Yanzhou by giving not less than 24 months' notice (or such shorter period as the Company may agree). In addition, depending on the form and terms of any funding to be provided by Yanzhou, minority Shareholder approval and other regulatory approvals may be required before that funding can be provided, and any such approvals may not be forthcoming. Yanzhou's support undertaking does not require Yanzhou to fund the Company in a manner which is non-dilutive to other Shareholders or to provide funding on non-commercial terms, and is also dependent on Yanzhou's financial capacity to perform its obligations under the Yanzhou support as and when called upon to do so. As a result, there is no guarantee that the Company can rely on Yanzhou's commitment to remain solvent.

Failure to obtain sufficient financing could cause delays or cause us to abandon our business development plans and have a material adverse effect on our business, financial condition and results of operations.

We had net cash outflows from operating activities for certain periods during the Track Record Period.

In 2015 and 2016, we recorded net cash outflows from operating activities of A\$108 million and A\$24 million, respectively, primarily attributable to our accounting losses we incurred in the respective periods. See “*Financial Information of the Group – Liquidity and Capital Resources – Cash Flows*” for further details. Given the cyclical nature of our industry, we cannot assure you that we will not record net cash outflows from operating activities in the future. In general, net cash outflows from operating activities may strain our liquidity and require us to meet the shortfall with cash on hand or cash generated from other activities. Any inability to do so could adversely affect our ability to meet our payment obligations as they become due or impede our ability to implement our business strategies as planned, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We have had negative reserves and accumulated losses during the Track Record Period, and did not declare or pay any dividends for 2015, 2016 or 2017.

We had, on a consolidated basis, negative reserves and accumulated losses of A\$880 million and A\$535 million as at 31 December 2015; A\$817 million and A\$935 million as at 31 December 2016; A\$413 million and A\$764 million as at 31 December 2017; and A\$554 million and A\$403 million as at 30 June 2018. We did not declare or pay any dividends for 2015, 2016 or 2017. On 15 August 2018, we declared a dividend of approximately A\$130 million on our ordinary shares, which was paid on 21 September 2018. The declaration and payment of this dividend is in compliance with the requirements of Section 254T of the Australia Corporations Act. Our profitability and our ability to pay dividends will vary from period to period and may not be predictable. For example, a significant contributor to our profitability in 2017 was other income, consisting of a gain on acquisition of A\$177 million in connection with mine assets acquired from C&A and a reversal of impairment of mining tenements of A\$100 million for the Moolarben mine, both of which are non-recurring items. We cannot provide any assurance that the Company’s future results of operations will be sufficient to generate sufficient retained earnings to pay dividends to our shareholders. See “– *We may not declare dividends on our Shares in the future*”.

Our operating results have been, and may in the future be, materially affected by acquisitions, disposals and other strategic transactions that we have undertaken and may undertake in the future.

Our historical financial results, including during the Track Record Period, have been materially influenced by our acquisitions, disposals and other strategic transactions. Specifically, on 1 September 2017, we completed the C&A Acquisition. The C&A Acquisition contributed to a substantial increase in our total assets from A\$7,660 million as at 31 December 2016 to A\$11,914 million as at 30 June 2018. In addition, we began consolidating the profit and loss accounts of C&A from 1 September 2017, the date of completion of the C&A Acquisition, and our results of operations for 2017 and the six months ended 30 June 2018 reflect the consolidation of C&A’s results from 1 September 2017 to 30 June 2018. This contributed to the increase in our total revenue from A\$1,238 million in 2016 to A\$2,601 million in 2017, and our profit after income tax of A\$246 million in 2017 compared to a loss after income tax of A\$227 million in 2016. Similarly, our total revenue increased from A\$832 million in the six months ended 30 June 2017 to A\$2,347 million in the six months ended 30 June 2018, and we had a loss after income tax of A\$14 million and a profit after income tax of A\$361 million in the same periods. Prior to its acquisition by us, C&A itself had disposed of certain of its mining operations in 2016, and undertook a restructuring of its interest in HVO. As a result, the financial information of C&A as disclosed in “*Financial Information of C&A*” is presented on a carve-out basis as if such interests were completed on 1 January 2015. However, the audited consolidated financial statements of C&A as disclosed in the Accountants’ Report of C&A as set out in Appendix IB to this prospectus are presented without the carve-outs applied, save as indicated in note 36 therein. We also completed the Glencore Transaction and the Warkworth Transaction in 2018, both of which will influence our financial statements in 2018. See “*Financial Information of the Group – Acquisitions, Disposals and Deconsolidation*.” As a consequence, comparing our results of operations on a period-to-period basis is not meaningful.

We will incur significant expenses upon closure or discontinuance of operations at our mines, which would have an adverse impact on our financial condition and results of operations.

We may be required to close or discontinue operations at particular mines before the end of their mine life due to environmental, geological, geotechnical, commercial, health and safety or other issues. Such closure or discontinuance of operations could result in significant closure and rehabilitation expenses, employee redundancy costs and other costs or loss of revenues. If one or more of our mine sites are closed earlier than anticipated, we will be required to fund the closure costs on an expedited basis and potentially lose revenues, which would have an adverse impact on our financial condition and results of operations. In addition, there is a risk that claims may be made arising from environmental remediation upon closure of our sites. See also “— *Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production shutdowns and fatalities, and further such incidents or outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown.*”

Many of these costs will also be incurred where mines are placed on care and maintenance before the end of their planned mine life. A move to care and maintenance has the potential to trigger significant employee redundancy costs and a subsequent loss of revenues since ongoing management and rehabilitation of the mine requires a minimal employee presence, which would also have an adverse impact on our financial condition and results of operations. During the Track Record Period, mining ceased at Donaldson’s Abel underground mine, which is owned by Watagan and managed by us, in June 2016. As at 30 June 2018, the mine had Coal Reserves of 62 Mt and Marketable Coal Reserves of 32 Mt. The mine was moved to a care and maintenance phase which resulted in some redundancies and incurred costs, although most of the mine workers were re-allocated to other mines. We do not expect further redundancies or related costs as a result of moving to care and maintenance at the Abel mine and have subsequently commenced feasibility studies to explore potential future mining operations.

We operate through a number of joint venture and similar structures, and our operational and financial results will be affected by how these arrangements are managed.

A significant portion of our business is operated through joint venture structures and entities in which we hold equity interests. We have a joint venture partnership in respect of Middlemount Coal Pty Ltd (in which we have a 49.9997% equity interest) and hold equity interests in Newcastle Coal Infrastructure Group Pty Ltd (in which we have a 27.0% equity interest) and Port Waratah Coal Services Limited (in which we have a 36.0% legal interest and a 30.0% effective interest). We also have the following material unincorporated joint ventures: the Moolarben JV (in which we hold a 81.0% interest and have reached an agreement in principle to increase our stake to 85.0%, subject to final approvals and documentation), the Mount Thorley joint venture (in which we hold a 80.0% interest) (“**Mount Thorley JV**”) and the Warkworth joint venture (in which we hold a 84.5% interest) (“**Warkworth JV**”). See “*Business – Our Mining Operations*”.

With effect from 4 May 2018, we established a 51%:49% unincorporated joint venture between us and Glencore in respect of HVO, in which we acquired a 67.6% interest from Rio Tinto as part of the C&A Acquisition. Glencore acquired its 49% interest in consideration for US\$1,139 million in cash, consisting of (i) US\$710 million in consideration to HVO Resources Pty Ltd, a wholly owned subsidiary of Mitsubishi Development Pty Ltd (“**MDP**”), for its 32.4% interest in HVO and (ii) US\$429 million in consideration to us for a 16.6% interest in HVO, in each case subject to final post-closing adjustments, plus the acceptance of a 27.9% share of US\$240 million of non-contingent royalties and 49% of HVO contingent royalties payable by the Company in respect of the C&A Acquisition. The joint venture is jointly controlled through the JVMC whose powers include the approval of budgets, life of mine and year-by-year five year plans governing the HVO JV’s activities, supervision of the manager of the joint venture, and the approval of development and expansion proposals. The JVMC comprises three representatives nominated by us and three representatives nominated by Glencore. The general manager of the joint venture is nominated by Glencore while the financial controller is nominated by us. The operations and financial results of HVO, which is our largest asset with Coal Reserves of 796 Mt and Marketable Coal Reserves of 554 Mt (in each case as at 30 June 2018 on a 100% basis) and whose marketable coal production in 2017 was 14.8 Mt, will depend on how we and Glencore manage and operate our joint venture in the future.

The success of our joint ventures depends on a number of factors, including the financial resources of the other shareholders and joint venture partners, their willingness and ability to honour their commitments under the joint venture agreements, the manner in which they exercise control, veto or other governance rights in respect of the joint venture, and the extent to which they cooperate in operational and strategic decisions with respect to the relevant mine. If we become engaged in material disagreements with our joint venture partners, the operational and financial results of the underlying mines may be adversely affected.

Our investments in, and obligations with respect to, the Wiggins Island Coal Export Terminal may be adversely impacted by, among other things, the insolvency of its other shareholders.

In 2010, Felix Resources Limited, now known as Yancoal Resources Limited (“**Yancoal Resources**”), a wholly-owned subsidiary of the Company and the shareholder of Yarrabee Coal Company Pty Limited, entered into a shareholders’ agreement with WICET Holdings Pty Limited (“**WICET Holdings**”), its wholly owned subsidiary Wiggins Island Coal Export Terminal Pty Limited (“**WICET Pty Limited**”) and certain other parties, in relation to the management of WICET Holdings and WICET Pty Limited. WICET Pty Limited owns and operates the Wiggins Island Coal Export Terminal (“**WICET**”). As at 31 December 2017, Yancoal Resources held a Class A ordinary share entitling it to a 9.38% voting interest in WICET Holdings, Gladstone long-term securities (“**GILTs**”) issued by WICET Holdings of A\$32 million and E Class Wiggins Island Preference Securities (“**WIPs**”) issued by WICET Holdings of A\$29 million. Further, Yarrabee Coal Company Pty Limited and the Company entered into a take-or-pay agreement with WICET Pty Limited, pursuant to which Yarrabee Coal Company Pty Limited and the Company as shippers are required to utilise certain services at WICET or procure that a substitute shipper utilises such services. As a result, we may be liable to pay certain specified terminal handling charges for the services provided by WICET even if we are unable to utilise such services or procure their utilisation by a substitute shipper. Our terminal handling charges can also be adjusted by WICET Pty Limited if our share of its operational and finance costs increases, including because of increased operational costs or because another shipper defaults and has its capacity reduced to nil. While our liability to pay the finance cost component of such charges is under most circumstances subject to a cap, such payments may result in an increase in our expenses, which may affect our results of operations.

Under the terms of the agreements, Yancoal Resources holds one Class A share in WICET Holdings, as does each other shipper. A Class A shareholder’s voting entitlement in WICET Holdings is equal to its contracted share of the total contracted WICET capacity. Each such shareholder has an indirect exposure to any bank debt owed by WICET Pty Limited (“**WICET Debt**”) equal to its voting entitlement. If a Class A shareholder in WICET Holdings becomes insolvent and exits WICET Holdings, the voting entitlement of the remaining Class A shareholders increases pro-rata, which results in their indirect exposure to WICET Debt also increasing. Prior to the Latest Practicable Date, several of the Class A shareholders of WICET Holdings had entered into administration or insolvency proceedings and subsequently exited WICET Holdings, which resulted in an increase in Yancoal Resources’ voting entitlement in WICET Holdings increasing to 9.38% and a corresponding increase in our indirect exposure to the WICET Debt. On 18 October 2018, a WICET Class A shareholder, Northern Energy Corporation Limited, and its related shipper Colton Coal Pty Ltd, entered into administration but as of the Latest Practicable Date Northern Energy Corporation Limited has not exited WICET Holdings. If Northern Energy Corporation Limited exits WICET Holdings, Yancoal Resources’ voting entitlement and indirect exposure to WICET Debt will increase to 10.34%. While WICET Holdings and the remaining Class A shareholders as at the Latest Practicable Date were solvent, there is no guarantee that they will not enter into insolvency or administration proceedings in the future, which may result in our indirect exposure to the WICET Debt further increasing.

In addition, the senior debt facility, which matured in September 2018, was renegotiated (involving a scheme of arrangement approved by the Supreme Court of New South Wales on 11 September 2018) and resulted in amendments to the terms of such facility, which led to us recognising A\$50 million in other operating expenses in the six months ended 30 June 2018, which arose from the partial impairment of our investment in GILTs and the full impairment of our investment in WIPs. The renegotiation of the senior debt facility has involved the ‘financing costs’ component of the total terminal handling charge increasing by US\$3.35 per tonne and the inclusion of a new review event where there is a reduction in the aggregate contracted tonnage of the shippers below either 12.5 Mtpa or (if WICET Pty Limited is also unable to meet certain solvency and debt service cover ratio requirements) 14 Mtpa (Northern Energy Corporation Limited, and its related shipper

Colton Coal Pty Ltd, ceasing to perform their shipping commitments and exiting WICET Holdings would not trigger these tonnage thresholds, as their committed tonnage is only 0.5 Mtpa of total current throughput of 16 Mtpa). These arrangements came into effect on 1 October 2018. An increase in our indirect exposure to the WICET Debt could further adversely impact the recoverability of our investments in WICET Holdings and, in the case of failure in refinancing, or a review event or event of default, could result in the senior lenders or a receiver appointed by them taking steps to recover against the shippers, whether through increased charges or otherwise.

The pro forma financial information included in this prospectus is not indicative of our future financial condition or results of operations.

The pro forma financial information set out in “*Appendix IIB – Unaudited Pro Forma Financial Information of the Enlarged Group*” has been prepared for illustrative purposes only, and shows the impact of the Pro Forma Transactions, as if these acquisitions had been completed on 1 January 2017. Such pro forma information addresses a hypothetical situation and is not necessarily representative of our results of operations and changes in liquidity and capital resources as they would have appeared in our financial statements had the relevant transaction occurred during the year ended 31 December 2017, and is not intended to be indicative of our future financial condition and results of operations. The adjustments set forth in such pro forma information are based upon available information and assumptions that our management believes to be reasonable. If the assumptions underlying the preparation of such pro forma information do not occur, our actual financial results could be materially different from those indicated in such pro forma information. Further, the rules and regulations related to the preparation of pro forma financial information in other jurisdictions may vary significantly from the basis of preparation for our pro forma combined income statement. Therefore, such pro forma information should not be relied upon as if it has been prepared in accordance with those standards and practices.

Our assets may be subject to impairment risks which could adversely affect their value.

Our balance sheet includes a number of assets that are subject to impairment risk or are required to be carried at fair value, including mining tenements, exploration and evaluation assets, intangible assets (including goodwill), the loans to Middlemount and Watagan, the royalty receivable from Middlemount, investments accounted for using the equity method and deferred tax assets. The values of these assets are generally derived from the fundamental valuation of the underlying mining operations and as such are subject to many of the risks to which our operations are exposed, including coal price and demand fluctuations, foreign exchange risks, changes in coal production and estimates of reserves and resources, and operating risks. Adverse changes in these risk factors could lead to a reduction in the valuation of our assets and result in an impairment charge or fair value loss being recognised. See also “– *We will be required to re-consolidate Watagan once we re-acquire control of it, which could result in adverse consequences to our financial condition and results of operations.*”

Our ability to collect payments from our customers could be impaired if their creditworthiness and financial health deteriorate.

Our ability to receive payment for coal sold and delivered depends on the continued creditworthiness and financial health of our customers. Competition with other coal suppliers could force us to extend credit to customers and on terms that could increase our risk of payment default. In recent years, downturns in the economy and disruptions in the global financial markets have, from time to time, affected the creditworthiness of our customers and limited their liquidity and access to credit. For example, changes in the financial circumstances of the Noble Group, which had been our second largest customer for 2017 in terms of revenue, has led to the downgrading of its overall credit rating by multiple rating agencies and several instances of late payment of accounts receivable owed to us since August 2017. We have taken a number of actions in response, including changing the required payment method from telegraphic transfer to irrevocable letters of credit, imposing interest on late payments and withholding delivery of products until certain contractual requirements are met. However, while we have been provided with irrevocable letters of credit supporting the Noble Group’s payment obligations, we cannot provide any assurance that further financial problems at the Noble Group will not have an adverse effect on us. Additionally, such arrangements do not address other types of contractual default. For example, we recently commenced arbitration proceedings against the Noble

Group in May 2018 seeking relief, including damages, on account of the Noble Group failing to purchase coal under an existing contract.

There is no guarantee that another customer will not commit any payment defaults in the future. Customers in certain countries may be subject to other pressures and uncertainties that may affect their ability to pay, including trade barriers, exchange controls and local economic and political conditions.

Proved and probable coal reserves are expressions of judgement based on knowledge, experience and industry practice, and any adjustments to estimated proved and probable coal reserves could adversely affect our development and mining plans.

Estimates of proved and probable coal reserves are expressions of judgement based on knowledge, experience and industry practice. In determining the feasibility of developing and operating our mines, we use estimates of coal reserves and resources that are made by competent persons appointed by us in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Numerous uncertainties inherent in estimating quantities and the value of recoverable and marketable coal reserves exist, including many factors beyond our control. As a result, estimates of reserves are, by their nature, uncertain. When calculating reserves estimates, we make assumptions about:

- geological and hydrological conditions;
- production from the mining area;
- the effects of regulations, including environmental, health and safety regulations and taxes;
- future coal prices; and
- future operating costs.

Coal resource and reserve estimates are regularly revised based on actual production experience, and determinations of coal resources or reserves that appear valid when made may change significantly when new information becomes available. Should we encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, coal resource and reserve estimates may have to be adjusted and mining plans, coal processing methods and infrastructure may have to be altered in a way that might adversely affect our operations. Moreover, a decline in the price of coal, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environmental, permitting, title or tax regulations, may mean that the tonnage of coal that can be feasibly extracted may be significantly lower than our coal resource and reserve estimates. As a result, estimated coal reserves and resources may require revisions. If it is determined that mining of certain coal reserves is uneconomic or not possible due to safety issues, this may lead to a reduction in our aggregate coal reserve estimates.

Further, actual facts may vary considerably from the assumptions we use in estimating our reserves. Our reserve amounts have been determined based on assumed coal prices and historical and assumed operating costs. Coal price and operating cost assumptions are by their nature uncertain, and our assumptions can vary significantly from those of other market participants, external consultants and industry experts. Some of our reserves may become unprofitable or uneconomic to develop if the long-term market price for coal decreases or our operating costs and capital expenditure requirements increase. In addition, our exploration activities may not result in the discovery of additional coal deposits that can be mined profitably or of coal products that meet the required quality specifications. For these reasons, our actual recoverable and marketable reserves and our actual production, costs, revenues and expenditures relating to reserves may vary materially from our estimates. Our estimates may not accurately reflect our actual reserves or be indicative of future production, costs, revenues or expenditures.

Adjustments to proved and probable coal reserves could also affect our development and mining plans. Our recovery rates will vary from time to time, which will increase or decrease the volumes of coal that we can sell from period to period. Any significant reduction in the volumes and grades of the coal reserves we recover

from what those estimated could have a materially adverse effect on our business, financial condition and results of operations. In addition, our volume of production from our mine properties will decline as our reserves are depleted.

Exploration of mineral properties and development of resources could involve significant uncertainties.

We have two exploration projects, Monash and Oaklands, both located in NSW. Both of these projects are long term greenfield development projects which require additional exploration, scoping studies and development strategies to realise a path to commercial development. We may have additional exploration projects in other regions in the future. Any discovery of a coal deposit does not guarantee that the mining of that deposit would be commercially viable. The success of any mining exploration program depends on various factors including, among other things, whether mineral bodies can be located and whether the locations of mineral bodies are economically viable to mine. The size of the deposit, development and operating costs, coal prices and recovery rates are all key factors in determining commercial viability. In addition, the development of these resources could face significant uncertainties, may take several years and require capital expenditure from the initial exploration phase until commencement of production, during which time market fundamentals, capital costs and economic feasibility may change. As a result, actual results may differ from those anticipated by third party independent technical studies.

Furthermore, there are a number of uncertainties inherent in the development and expansion of mining operations, including: (i) the availability and timing of necessary governmental permits, licences and approvals; (ii) the timing and cost necessary to construct mining and processing facilities; (iii) the availability and cost of labour, utilities, and supplies; (iv) the accessibility of transportation and other infrastructure; and (v) the availability of funds to finance construction and production activities. As a result, we cannot assure you that any of our exploration activities will result in the discovery of valuable resources or reserves, or that reported resources can be converted into reserves in the future.

Our business may be adversely affected if we are unable to acquire additional coal resources and convert them into economically recoverable coal reserves.

Our existing coal reserves will decline as mining continues. Therefore, our growth and long-term success will depend on our ability to acquire additional coal resources within our exploration areas and to convert such coal resources into economically recoverable coal reserves. New coal resources may not be found or may not be economically recoverable. If we are unable to discover new coal resources or are unable to acquire additional coal resources and reserves, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

Even if we discover additional resources or acquire additional coal resources, it could take a number of years from the initial phases of drilling until exploitation is possible, during which time the economic viability of production may change depending on the price of coal, which is subject to significant volatility, and other factors, including fuel, labour, equipment and other operating costs, government regulations and exchange rate fluctuations. If a project proves not to be economically feasible by the time we are able to exploit it, we may incur substantial write-offs. As a result of any of the foregoing factors, we may not be able to discover any viable resources, may be unable to exploit any resources discovered or may not be able to recover all or any portion of our investment in those exploration activities.

Coal mining operations in Australia have inherent title risks associated with grant and renewal of tenements, native title rights and Aboriginal land claims.

Tenements and related approvals

Exploring or mining for coal in NSW and Queensland is unlawful without a tenement granted by the relevant state government. Interests in tenements in NSW and Queensland are governed by the respective state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it reporting commitments, as well as other conditions requiring compliance. Obtaining mining tenements and carrying out certain activities under mining tenements in NSW and Queensland often involves

first obtaining consents from landholders and other third parties (some of whom may in certain circumstances have a right of veto), as well as various approvals including environmental approvals. There is a risk that the requisite consents and approvals may not be able to be obtained on time or on acceptable commercial terms, or may not be able to be obtained at all. Further, all of the granted tenements in which we have or may earn an interest will be subject to applications for renewal or grant (as the case may be). We have filed advance applications for renewal of certain tenements covering the MTW and HVO mines, and these applications were pending approval by the relevant authority as at the Latest Practicable Date. The grant or renewal of each tenement or licence in NSW and Queensland is usually at the discretion of the relevant government authority which will consider various factors, which may include our compliance with any conditions placed on an existing licence, when making its decisions. There is no certainty that an application for grant or renewal of a tenement will be granted at all or on satisfactory terms or within expected timeframes.

Moreover, the conditions attached to tenements may change. The permitting rules are complex and may change over time, making our responsibility to comply with the applicable requirements more onerous, more costly or impractical, and thereby precluding or impairing continuing or future mining operations. Consequently, we may not be able to acquire title to or interest in tenements, or we may not be able to retain our interest in tenements in the long run or renew the licences or leases, if the relevant conditions are not met or if insufficient funds are available to meet expenditure commitments. If a tenement is not renewed, we may lose the opportunity to discover and/or develop any mineral resources on that tenement.

Native title

It is also possible that, in relation to tenements which we have an interest in or will in the future acquire, there may be areas over which legitimate native title rights of Aboriginal Australians exist. Where the grant or renewal of a tenement is in respect of land in relation to which native title may exist, the provisions of the Native Title Act 1993 (Cth) need to be complied with in order for the tenement to be validly granted. Compliance with the Native Title Act 1993 (Cth) and the relevant native title process to be followed for the grant of the tenement may be prolonged or delayed, and substantial compensation may be payable as part of any agreement reached, including for the impairment of the relevant native title rights and interests.

Although there is no determination of native title which overlaps with the areas over which we have interests under tenements, there are registered native title claims overlapping some or all of the areas in which HVO, MTW, Ashton, Austar and Moolarben mines are located. While it is unlikely that these claims, should they be successful, will affect the validity of the existing mining tenements, we may be required to enter into a compensation agreement with the native title holders in areas of overlap before a new mining lease or assessment lease is granted or an existing lease renewed.

Our interests in tenements, our ability to gain access to new tenements, or our ability to progress from the exploration phase to the development and mining phases of operations, may be adversely affected by areas that are subject to native title claims.

Aboriginal land claims

Under the Aboriginal Land Rights Act 1983 (NSW), Aboriginal Land Councils can claim crown land if certain requirements are met. If a claim is successful, freehold title over the relevant land is transferred to the claimant council. Further, councils are afforded certain statutory rights which can include an effective veto over the grant of future mining tenements over any area of such land. Some of our tenements are located in areas that are subject to outstanding Aboriginal land claims, and additional Aboriginal land claims may be made in the future over other areas in which our tenements are located. Any such claims may result in our ability to explore or mine for coal in these areas being subject to the decisions of the relevant Aboriginal Land Councils, which may adversely affect our ability to develop projects and, consequently, our operational and financial performance.

Certain conditions of the approvals granted for commencement of mining operations at one of our mines have not been fulfilled, and we are unable to commence development work at that site.

Pursuant to the New South Wales Environmental Planning & Assessment Act, the required environmental approvals for the Ashton South East Open Cut Project were granted by the New South Wales Land and Environment Court on 17 April 2015. Under the terms of such approval, we are precluded from undertaking any development work on the project site until we have purchased, leased or licensed a privately owned property which forms part of the mining area for that project. As at the Latest Practicable Date, no agreement had been concluded with the owner of the relevant property. While we have until April 2020 (or April 2022 if extended) to reach agreement with the property owner (or their successors in title), or to seek a further extension to the environmental approval beyond 2022, there is no guarantee that such agreement will be reached or an application for extension of the approval will be successful. If we are unable to reach an agreement in respect of the relevant property, we may not be able to commence development work on the project site, which could render the project unviable.

Coal mining operations in Australia are subject to certain domestic risks.

Our coal mining operations in Australia are subject to certain domestic risks, which include the following.

- *Land access.* The granting of mining tenements does not remove the need to enter into land access arrangements with third party land holders (where the land underlying the mining tenement is owned by a third party). In some cases, the underlying land may be owned by a competitor, pastoralist or other third parties. There is no guarantee that we will be able to obtain all required land access rights required for the operation of our mines from the relevant land holders.
- *Coordination agreements.* Coal mining tenements in NSW and Queensland are frequently granted over land over which other tenements and other exploration interests have been or may be granted. Where tenements overlap in Queensland, depending on the type of tenements which are overlapping, it is necessary for the holders to enter into coordination agreements or joint development plans. Where tenements overlap in New South Wales, it may be a condition of the grant or renewal of certain tenements that the tenement holder enters into, or makes every reasonable attempt (and be able to demonstrate its attempts) to enter into, cooperation agreements with the holders of any overlapping authorisation. In some cases, the interests of the overlapping tenement holders may not be aligned and accordingly, mining operations may be delayed or adversely affected. One of our mines and its associated tenements adjoin or are overlapped by petroleum tenements, exploration licences and interests, mining leases and private land leases held by third parties, and there is no guarantee that the relevant third parties will adhere to any coordination agreements or similar arrangements we enter into with them. Further, we may not be able to reach an agreement with any overlapping tenement holders on terms satisfactory to us in the future. If agreement cannot be reached with overlapping tenement holders, the matter may be referred to the relevant governmental authority or court who may make a decision which adversely impacts upon or prevents the project proposed by us.
- *Environmental conditions and action groups.* Before any mining tenure is granted in Australia, the applicant must undertake a comprehensive public environmental assessment on the impact of the proposed mining operations. Such an assessment involves a public consultation process, which often involves encountering organised environmental or community groups that seek to restrict or block contemplated mining operations. The relevant authorities frequently impose conditions on environment approvals that may materially affect mining operations. Environmental lobby groups in both Queensland and New South Wales have recently made submissions to governmental authorities in an attempt to prevent or delay new mine developments or expansion of existing mines on the basis of environmental concerns. For example, it is possible that community groups, or their representatives, may commence legal action relating to the closure of Wallaby Scrub Road which was gazetted by the New South Wales government in connection with the planned westward expansion of the Warkworth mine. Further, community groups such as those in Bulga, situated near the MTW mines, have voiced numerous grievances against mine operations, and noise and dust emissions in particular. Increased community concern and actions taken by community and environmental groups may delay or prevent the development of new mines or the expansion of existing mines, or may result in conditions being imposed on such mines or costs being incurred that adversely affect the profitability of those mines.

We purchase services from third-party service providers to carry out certain coal mining and other work and may enter into disputes with such service providers.

We engage third-party service providers and contractors to provide certain services in our exploration, mining and other processes. The services we procure from these service providers differ depending on our needs at any given mine, but generally include secondment of workers to assist us in extracting coal at our mines, renting certain production equipment to us, providing specialist services such as blasting, and advising us on mining technology and coal production. See “*Business – Employees – Third Party Contractors.*” Our aggregate expenses in relation to contractors for 2015, 2016 and 2017 and the six months ended 30 June 2018 were A\$155 million, A\$78 million, A\$134 million and A\$96 million, respectively.

Production at our coal mines could be disrupted by any significant failure by our contractors to comply with their obligations under their operating agreements (whether as a result of financial or operational difficulties or otherwise) or any termination or significant breach of an operating agreement by a contractor. We might not be able to find suitable replacement contractors within a reasonable period of time or at all, if any of our contractors were to cease to perform their services or to terminate their operating agreements.

If a dispute arises between any such service provider and us in connection with the performance of either party’s obligations and the parties cannot resolve the differences in a timely manner, the operation of the relevant coal mine may be materially and adversely effected. Further, our service providers may enter into insolvency or similar proceedings, which could impact their ability to perform their contracted services as well as our ability to recover amounts owed to us. There can be no assurance that we will be successful in attempting to enforce our contractual rights or recover all or any monies owed by our counterparty (including under any claim for damages) through legal action.

Any protracted dispute with our contractors or any material labour dispute between our contractors and their employees could materially and adversely affect our operations and production, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may become involved in litigation and other legal proceedings, which may have a material adverse effect on our reputation, business, financial condition and results of operations.

Like all companies in the resources sector, we are exposed to the risk of claims, litigation and other legal proceedings involving the Company, our subsidiaries and the Directors (either as the complainant or as the defendant). Such claims or proceedings may be made or instituted by persons alleging they are owed fees or other contractual entitlements, employees, regulators, competitors or other third parties. Such claims or proceedings could divert our management’s time and attention and consume financial resources in their defence or prosecution. For example, we are involved in a dispute with one of our infrastructure services providers relating to fee payments, which we do not consider to be payable to the services provider or in the amount claimed. In addition, we have commenced arbitral proceedings against the Noble Group in relation to breaches of a contract by the Noble Group and, separately, the Noble Group has commenced proceedings in the Supreme Court of New South Wales (an Australian State court) in relation to alleged breaches and repudiation of a different contract by Gloucester Coal, a subsidiary of the Company. Given the early stage nature of these matters and ongoing fact-finding, we are not able to assess whether the potential impact on us will be material.

Further, Gloucester SPV Pty Ltd (“**Gloucester SPV**”), a subsidiary of the Company, is one of several respondents to proceedings commenced in 2015 by Ocetip Pty Ltd (“**Ocetip**”), an independent third party, against Noble Resources Pte Ltd (“**Noble Resources**”), a subsidiary of the Noble Group, in the Supreme Court of Queensland. The subject of the dispute involves the transfer of Noble Resources’ right to receive certain royalty payments under a royalty deed to Gloucester SPV, who since the transfer now enjoys the right to those royalty payments. The consideration for the transfer was A\$168 million and as at the Latest Practicable Date we estimate the potential value of the royalty streams to be approximately A\$195 million. Ocetip’s claim disputes the validity of the transfer and seeks to enforce its pre-emptive rights under the royalty deed against Noble Resources. On 14 November 2018, a related claim was served on Gloucester Coal and Gloucester SPV in which Ocetip has alleged that Gloucester SPV induced or procured Noble Resources’ alleged breach of the royalty deed by reason of transferring the rights to receive those payments

to Gloucester SPV, and has claimed unspecified damages. As at the Latest Practicable Date, the Oceltip matters remain at a preliminary stage and may be consolidated into a single proceeding, and we are unable to assess the Group's potential exposure (if any) on account of these matters.

Save as disclosed in "*Business – Health, Safety and Environmental Matters*", during the Track Record Period and up to the Latest Practicable Date, neither we nor any of the Directors was engaged in any litigation, claim or arbitration of material importance nor, to the best of the Directors' knowledge, is any litigation, claim or arbitration of material importance pending or threatened against us or the Directors in relation to the Group. See "*Business – Legal Proceedings and Non-Compliance*." There is no guarantee that we will not be involved in any such matters in the future, or that no additional liability will arise out of any pending proceedings that we do not consider to be of material importance. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and results of operations.

We may experience difficulty in integrating our acquisitions, which could result in a material adverse effect on our business, financial condition and results of operations.

Historically, we have grown through acquisitions. We acquired the Southland Mine (renamed Austar) in December 2004 and Felix Resources (assets of which included interests in the Moolarben, Yarrabee and Ashton mines) in December 2009. We listed on the ASX in June 2012, following our merger with Gloucester Coal, assets of which included interests in the Middlemount, Stratford Duralie and Donaldson mines and the Monash exploration project. In September 2017 we completed the acquisition of Coal & Allied Industries Limited from Rio Tinto, as a consequence of which we acquired interests in HVO and MTW in New South Wales, which are among the largest thermal coal operations in Australia, as well as related export infrastructure. In March 2018, we acquired an additional 28.9% interest in Warkworth from MDP.

We have devoted and continue to devote significant resources to the integration of our operations in order to achieve the anticipated synergies and benefits of our acquisitions.

Acquisitions and expansion involve uncertainties and a number of risks, including:

- difficulty in integrating the assets, operations and technologies of the acquired companies or assets, including their employees, corporate cultures, managerial systems, processes and procedures and management information systems and services;
- complying with the laws, regulations and policies applicable to the acquired businesses;
- failure to achieve the objectives or benefits, or to generate sufficient revenue to recover the costs and expenses, resulting from the acquisition and integration of such companies or assets;
- managing relationships with employees, customers and business partners during the course of integrating new businesses;
- managing ongoing relationships with joint venture partners where we acquire interests in joint ventures (see also "*We operate through a number of joint venture and similar structures, and our operational and financial results will be affected by how these arrangements are managed.*");
- integrating other acquired employee groups with our employee groups and maintaining productive employee relations;
- attracting, training and motivating members of our management and workforce;
- accessing our capital resources and internally generated funds to fund acquisitions, which may divert financial resources otherwise available for other purposes;
- enhancing our operational, financial and management controls, particularly those of our newly acquired assets and subsidiaries, to maintain the reliability of our reporting processes;

- difficulty in exercising control and supervision over the newly acquired operations, including failure to implement and communicate our safety management procedures resulting in additional safety hazards and risks; and
- potential ongoing financial obligations and unforeseen or hidden liabilities of the acquired businesses and assets.

In the event that we are unable to efficiently and effectively integrate newly acquired companies, including C&A, we may be unable to achieve the objectives or anticipated benefits of such acquisitions, which may adversely impact our business, financial condition and results of operations. In addition, we may have to write down the carrying value of the intangible assets associated with any acquired companies, which could adversely affect our results of operations.

We are exposed to fluctuations in exchange rates and interest rates.

As a company with sales across the Asia-Pacific region but operating entirely in Australia, our financial results are exposed to foreign exchange rate movements, particularly those relating to the Australian dollar and U.S. dollar rate. In particular, our sales under coal supply contracts are generally priced and payable in U.S. dollars, while our day-to-day costs are primarily denominated in our functional currency, the Australian dollar. In addition, imported plant and equipment may be priced in U.S. dollars or another foreign currency. Our debt is primarily denominated in U.S. dollars, although we also incur debt, and have debt facilities available, in Australian dollars. Some of our foreign exchange risk is hedged through natural cash flow hedges. See also “*We do not make use of hedging instruments to hedge foreign exchange risks in respect of U.S. dollar denominated loans, and the natural cash flow hedge created by hedging a portion of these loans against our U.S. dollar denominated sales may not be sufficient to offset our foreign exchange losses*” and “*Financial Information of the Group – Significant Factors affecting our Results of Operations and Financial Condition – Foreign Exchange Rate Fluctuations*”. The impact of exchange rate movements will vary depending on factors such as the nature, magnitude and duration of the movements and the extent to which currency risk is hedged under hedging arrangements.

We are exposed to cash flow interest rate risk in relation to variable-rate bank balances, term deposits, restricted cash and variable rate borrowings. Our interest rate risk primarily arises from fluctuations in the LIBOR rate in relation to our U.S. dollar-denominated borrowings. A substantial majority of our borrowings denominated in U.S. dollars are linked to floating LIBOR rates, the fluctuation of which is beyond our control. See “*Financial Information of the Group – Significant Factors affecting our Results of Operations and Financial Condition – Financing Arrangements and Interest Rate Movements*”. We do not currently have any interest rate hedging arrangements. Our lending rates may increase in the future as a result of reasons beyond our control, and may result in an adverse effect on our business, financial condition and results of operations.

We do not make use of hedging instruments to hedge foreign exchange risks in respect of U.S. dollar denominated loans, and the natural cash flow hedge created by hedging a portion of these loans against our U.S. dollar denominated sales may not be sufficient to offset our foreign exchange losses.

We do not currently use bank issued instruments to hedge foreign exchange risks in respect of U.S. dollar denominated loans. However, the scheduled repayment of the principal amounts on our U.S. dollar denominated loans are designated to hedge the cash flow risks on the portion of forecast U.S. dollar denominated sales that are not hedged through bank issued instruments, resulting in a natural cash flow hedge. Specifically, U.S. dollar denominated loan repayments within a six-month period are designated to hedge the forecast U.S. dollar denominated sales during the same period after the designation of the hedge relationship based on a dollar for dollar basis until the hedge ratio reaches one.

Unrealised foreign exchange gains or losses arising on the translation of hedged U.S. dollar denominated loans are deferred on our balance sheet to a cash flow hedge reserve in equity. Such deferred gains or losses are recycled to the income statement during the six-month period in which the loan is scheduled to be repaid. There is no guarantee that this natural cash flow hedge will be sufficient to offset our foreign exchange losses, and material foreign exchange losses could negatively affect our financial condition. As at 30 June 2018, we

had A\$791 million of unrealised foreign exchange losses before tax and A\$554 million of unrealised foreign exchange losses after tax deferred on our balance sheet in equity through our natural cash flow hedge.

Our Controlling Shareholders are state-owned enterprises in the PRC, and will be able to exercise significant influence over certain activities of the Group.

Yanzhou, which currently holds 65.45% of the Shares and will be interested in 62.5% of the Shares immediately following the completion of the Global Offering, and Yankuang, as the majority shareholder of Yanzhou, will be in a position to exercise significant influence over matters which require approval of the Shareholders. The interests of Yanzhou and Yankuang may not necessarily be aligned with the interests of other Shareholders. In particular, Yanzhou, Yankuang, and their respective subsidiaries conduct business in the coal mining industry. Actions of Yanzhou and Yankuang could favour their own respective interests over the interests of other Shareholders, which could materially affect our business, financial condition, results of operations and prospects.

Furthermore, Yanzhou and Yankuang are state-owned enterprises in the PRC. As a consequence, they are required in their capacity as our Controlling Shareholders to obtain regulatory approvals in the PRC in respect of a range of actions that we may engage in. These approvals may not be received in a timely manner or at all, which could delay or prevent actions that we may wish to undertake.

We have existing contractual arrangements, and may in the future continue to enter into contractual arrangements, with our Controlling Shareholders.

We have entered into loan, guarantee and coal sales agreements with the Yanzhou Group, a management and transitional services agreement with Yanzhou and Yankuang and certain other arrangements and transactions with Yanzhou and Yankuang, further details of which are set out in “*Connected Transactions*.” These connected transactions were reviewed and approved according to the procedures under relevant regulations and policies. However, we may continue to enter into related party transactions with our Controlling Shareholders and, as such, any material financial or operational developments experienced by our Controlling Shareholders that lead to the disruption of their operations or impair their ability to perform their obligations under their agreements with us could materially affect our business, financial condition and results of operations and future prospects.

Our business, financial condition and results of operations are subject to government royalties on the production of coal.

In addition to corporate income tax, we are required to pay government royalties, direct and indirect taxes and other imposts in the jurisdictions in which we operate. The production of coal in Queensland and New South Wales is subject to the payment of royalties to the state governments. In both states, these royalties are calculated as a percentage of the value for which the coal is sold and payable on an *ad valorem* basis. The relevant State Governments may increase these royalties or change their method of calculation or the interpretation or application of the relevant policies, or impose new royalties or similar taxes. Any resulting increase in our tax cost could have a material adverse effect on our business, financial condition and results of operations.

The Company may lose the benefit of existing and carried forward tax losses, which may have an adverse effect on its profits.

As at 30 June 2018, our tax consolidated group had approximately A\$2.4 billion of available carried forward tax losses which can be applied to reduce future liability for income tax on its taxable profits, so long as they remain available. The Company’s ability to use carried forward losses in the future will depend, in part, on its continued satisfaction of the loss recoupment tests under Australian tax laws and be subject to the availability of sufficient future taxable profits. Further, the Company’s ability to obtain the benefit of existing tax losses and claim other tax attributes will depend on future circumstances and may be affected by any changes in our ownership structure (including the ownership structure of Yanzhou). Such changes may be beyond our control, and there is no guarantee that the Company will be able to utilise the benefit of all (or any) of the carried forward tax losses.

If the Company's ability to utilise its tax losses is impacted, it will be required to pay higher levels of corporate income tax in future periods than may otherwise have been the case, which will reduce the available profit to be applied towards the payment of dividends or use for other purposes such as investment or the reduction of debt.

There is uncertainty about the applicability or recoverability of our deferred tax assets, which may affect our taxes payable for future periods.

Our deferred tax assets include unused tax losses and tax credits which we carry forward to the extent that our management believes it is probable that taxable profits will be available against which such unused tax losses and credits can be utilised. Our deferred tax assets amounted to A\$1,166 million, A\$1,339 million, A\$1,219 million and A\$1,086 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively. There is no expiry date on our ability to utilise such tax losses, although they are subject to the continuous satisfaction of certain tax rules. See notes 4 and 30 to the Accountants' Report of the Group in Appendix IA to this prospectus for further details on our accounting policy with respect to deferred tax assets and on the movements of our deferred tax assets during the Track Record Period. Such determination requires significant judgment from our management on the tax treatment of certain transactions as well as an assessment of the probability, timing and adequacy of future taxable profits for the deferred tax assets to be recovered. If such judgments turn out to be imprecise, we may need to adjust our tax provisions accordingly. In addition, when we utilise carried forward tax losses against our future taxable profit, our taxable profits are reduced, which in turn reduces the tax payable. We cannot predict any future movements in our deferred tax assets or the effect that such movements could have on our taxes payable for future periods.

Transactions with international related parties may be impacted by the application of Australia's transfer pricing rules, which may have an adverse effect on the Company's profits.

Australian transfer pricing rules adopt the arm's length principle. The application of the arm's length principle in relation to financing issues has evolved in recent years following the decision of the Full Federal Court in *Chevron Australia Holdings Pty Ltd v FCT* [2017] FCAFC 62. Following this decision, the Australian Taxation Office has published formal guidance setting out its approach to assessing risk in respect of related party cross-border financing arrangements, and has increased its review activities. It is expected that further guidance will also be released by the Australian Taxation Office in the near future to provide specific risk indicators for particular types of financing arrangements, such as financial guarantees and interest free loans.

The Company has undergone a significant transformation with its 2017 capital raising and the C&A Acquisition, which has resulted in a change in its operational and capital structure. These, together with recent increases in coal prices, have led to an improved financial position of the Company. In addition, the Global Offering and the Australian Entitlement Offer will result in a further change to the Company's capital structure.

The Company engages in several international related party transactions on an annual basis in relation to its operations in Australia that are subject to the arm's length principle, which include loan, guarantee, coal sale and administrative service arrangements. See "*Connected Transactions*" for further details. No specific formal review of our connected transactions has been undertaken by the Australian Taxation Office within the relevant review periods. However, changes in Australian law and guidance from the Australian Taxation Office may affect the interpretation of the arm's length principle in relation to our related party transactions. Such changes may adversely impact the taxation outcomes associated with our connected transactions, and consequently could have a material adverse effect on our business and financial condition.

Australia's thin capitalisation rules impose limits on the level of debt deductions that can be claimed for income tax purposes, which may have an adverse effect on the Company's profits.

Australia's thin capitalisation measures apply to the total debt of the Australian operations of the Company (including foreign and domestic related-party and third-party debt), and may result in a denial of certain debt related deductions after application of transfer pricing measures applicable to related party debt. The Company has at certain points in the past exceeded the safe harbour thin capitalisation limits (which prescribe a debt to asset ratio of 60%), and as a consequence has not claimed those debt deductions. The Company is currently operating outside the safe harbour thin capitalisation limits and, while the Global Offering and the

Australian Entitlement Offer are expected to improve its thin capitalisation position, there is no guarantee that our position will improve.

Our coal operations are extensively regulated in Australia, and government regulations may limit our activities and adversely affect our business, financial condition and results of operations.

Our operations are subject to laws and regulations of general application governing the use and granting of mining rights, land tenements, access and use, exploration licences, mining operation time and recovery rates, environmental requirements including site-specific environmental licences, permits and statutory authorisations, workplace health and safety, trade and export, competition, access to infrastructure, pricing of transportation services, foreign investment and return on investments and taxation. These regulations may be implemented by various federal, state and local government departments and authorities including the Australian Department of Industry and the Department of Environment. The adoption of new legislation or regulations or the new interpretation of existing legislation or regulations or changes in conditions attaching to approvals may materially and adversely affect our operations, our tax costs and cost structure or product demand. The occurrence of any of the foregoing may cause us to substantially change our existing operations, incur significant compliance costs and increase the risk of our future investment or prevent us from carrying out mining operations, which could have a material adverse effect on the profitability of our operations and our overall business, financial condition and results of operations. See also “– *Our business, financial condition and results of operations may be adversely affected by present or future environmental regulations in Australia and other countries, and we may be exposed to legal claims and increased costs due to the environmental impacts of our operations*”.

In particular, changes in laws and regulations in the following areas may substantially affect our business, financial condition and results of operations:

- *Environment and planning:* In recent years, the State governments of Queensland and New South Wales have introduced various policies in the interests of protecting high-value agricultural and urban land and environment areas from the effects of mining. These include the Queensland government's Regional Planning Interests Act and the New South Wales government's Strategic Regional Land Use Policy, Aquifer Interference Policy, and 2015 amendments to the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007. In 2013, the New South Wales State government introduced the fit and proper person consideration which allows it to consider a miner's conduct, financial capabilities and technical expertise in making decisions about mining rights, including the grant, transfer, renewal, cancellation and suspension of such rights. In the last five years, the maximum penalties for breaches of mining and environmental legislation have also been significantly increased. In the same time period, the Queensland State government has reviewed the method of calculating the financial assurance required to be provided by mining companies in respect of their rehabilitation liability, which has led to a significant increase in financial assurance amounts that are required to be covered by bank guarantees. Further, the Audit Office of New South Wales has carried out a review of rehabilitation liabilities in respect of mines and the Department of Planning and Environment is implementing a number of reforms to strengthen operational rehabilitation requirements for all mining projects in New South Wales. These reforms may lead to a material increase in the amount of security required in respect of rehabilitation liabilities.
- *Workplace health and safety:* In Australia, workplace safety is regulated by the States and Territories, and almost all States and Territories have introduced virtually identical general safety legislation. Many States have also prescribed specific mining legislation. The process of harmonising the mining legislation across the country has been undertaken, but as at the Latest Practicable Date, New South Wales has been the only major mining State to amend its mining legislation (Western Australia and Queensland are yet to adopt the national model). Since 2016, there has been a focus on the re-emergence of black lung disease (Coal Workers' Pneumoconiosis) in the mining sectors in Queensland and New South Wales, and in September 2016 the Queensland government established a parliamentary committee to inquire and report on the reemergence of the disease. As a result, it is likely that workplace health and safety regulations may be amended in the near future. Western Australia is currently considering

introducing a modernised Work Health and Safety Act, which is expected to include amended mine safety legislation and to mirror parts of the national model.

Our business, financial condition and results of operations may be adversely affected by present or future environmental regulations in Australia and other countries, and we may be exposed to legal claims and increased costs due to the environmental impacts of our operations.

Our coal mining operations require water and other materials, and produce waste water, gas emissions and solid waste materials. In addition, surface mining operations also result in noise and air quality impacts. As an Australian coal producer, we are subject to extensive and increasingly stringent environmental protection laws and regulations. These laws and regulations:

- restrict and impose conditions on usage of water and waste water management;
- impose fees and limits on the discharge of waste substances into the air, water and land, including carbon emissions;
- require provisions for land reclamation and rehabilitation;
- impose fines and other penalties for serious environmental offences; and
- establish the conditions (including environmental requirements) for domestic mining operations.

Extensive environmental regulations in Australia, and in other countries that could affect our business, may impose costs on our mining operations, and future regulations could increase those costs, limit our ability to produce and sell coal, or reduce demand for our coal products. In particular, the regulatory response to the risk of climate change, including unilateral and collective action by Australia and other countries, may affect demand for coal, coal prices and the competitiveness of our products in the world energy market. Our operations (including the operations of any assets or companies acquired by us) may not have met or may not in the future meet all environmental or related regulatory requirements.

Further, our operations may substantially impact the environment or cause exposure to hazardous materials. While we regularly assess the major environmental impacts of our operations, these assessments may not constitute a comprehensive evaluation of all possible environmental impacts. Historical or future contamination or other incidents could lead to opposition from community and action groups and may also subject us to legal claims or increased expenses. For example, a number of penalty notices were issued by the New South Wales Environment Protection Agency against our Hunter Valley operations over the last three years in relation to excessive blast pressure and water leakages and overflows, for which we paid fines amounting to A\$15,000 each. We may also be subject to requirements in relation to the investigation and clean-up of soil, surface water, groundwater and other media.

Environmental legislation may change in a manner that requires compliance with additional standards and introduce a heightened degree of responsibility for companies and their directors and employees. In particular, there may be increased regulation on the usage and treatment of water at mining operations. There may also be unforeseen environmental liabilities resulting from coal related activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential mine closure and relinquishment costs and obligations for which we may become liable as a result of our activities may increase as a result of legislative and policy changes. In addition, our budgeted amount for environmental regulatory compliance may not be sufficient, and we may need to allocate additional funds for this purpose. If we breach applicable environmental or related regulatory requirements, we may incur fines or penalties, be required to curtail or cease operations or be subject to increased compliance costs or costs for rehabilitation or rectification works at one or more of our sites, any of which may have a material adverse effect on our business, financial condition and results of operations.

Our ability to generate the expected economic returns from our mining assets may be adversely affected by present or future environmental regulations in Australia and other countries.

Our mining operations are subject to extensive and increasingly stringent environmental regulations in Australia and in other countries. Changes in and future environmental regulations could increase the standards and costs of compliance, and adversely affect our ability to generate the expected economic returns from our mining assets over their useful lives. We may not always be able to comply with future laws and regulations in relation to environmental protection economically or at all. There can be no assurance that we will be able to fully and economically utilise the entire coal resources of the mines we operate currently or in the future or that some of our mining assets will not become “stranded assets” that are not able to generate the expected economic returns over their useful lives.

We may not be able to obtain all necessary approvals, permits and licences.

Pursuant to applicable laws and regulations in Australia, we are required to obtain and renew from to time a number of regulatory approvals, permits and licences with respect to our exploration activities, mining operations for our existing mines as well as our development-stage or exploration projects, including obtaining planning approvals, land access and land owner consents, and address any native title issues, impacts on the environment and objections from local communities. While the requirement to obtain such approvals and to address potential and actual issues for existing and future mining projects is applicable to all companies in the coal sector, there is no guarantee that we will be in a position to secure all of the required consents, approvals and rights necessary to maintain our current production profile from our existing operations or to develop our growth projects in a manner which will result in profitable mining operations and the achievement of our long-term production targets. We are still in the process of obtaining or renewing some of the regulatory approvals, permits and licences required for our business operations, and may experience substantial delays in obtaining such regulatory approvals, permits and licences. As at 14 November 2018, we had the following material regulatory approvals, permits and licences with respect to our mines that are subject to pending renewals:

<i>HVO</i>	
Mining lease (“ ML ”) 1324	19 August 2014
ML 1337	9 September 2014
ML 1359	1 November 2015
ML 1428	14 April 2019
ML 1482	14 April 2019
Exploration licence (“ EL ”) 5291	28 April 2018
EL 5417	8 May 2018
EL 5418	8 May 2017
EL 8175	23 September 2018
Authorisation 72	24 March 2018
<i>MTW</i>	
ML 1412	10 January 2018
<i>Moolarben</i>	
EL 6288	22 August 2017
<i>Stratford Duralie</i>	
Authorisation 311	28 November 2017

Authorisation 315	28 November 2017
EL 6904	9 October 2017
ML1409	6 January 2018
ML1427	5 April 2019
<i>Oaklands</i>	
Assessment Lease 18	25 June 2018
<i>Ashton</i>	
EL4918	17 December 2015
<i>Donaldson</i>	
EL 6964	10 December 2015
<i>Yarrabee</i>	
ML 80050	31 October 2018
<i>Austar</i>	
Mining Purposes Licence 269	7 December 2018

As at 14 November 2018, we had the following material regulatory approvals, permits and licences with respect to our mines that have been applied for but were yet to be granted:

- HVO: Assessment lease application (“ALA”) 52, ALA 58 and ALA 59; Mining Lease Application (“MLA”) 489, MLA 495, MLA 496, MLA 520, MLA 534, MLA 535, MLA 542, MLA 543; Exploration Licence Application (“ELA”) 5525, ELA 5526 and ELA 5527;
- MTW: ELA 5678 and MLA 548;
- Stratford Duralie: MLA 552;
- Middlemount: ML 700027;
- Ashton: MLA 500, MLA 351 and MLA 394; and
- Austar: MLA 521.

If any of these or our other mining licences, safety production licences, environmental or other certificates, approvals or permits are revoked, not renewed or not obtained, we could be required to cease operations of the affected tenement, mine or production facility, rehabilitate the disturbed area and be subject to regulatory or administrative penalties. Depending on the size of the ML and activities being conducted (or to be conducted) on that ML, the impact could be material. Moreover, if an EL is not renewed, it may preclude future potential expansion projects and earnings. As a result, the loss of some or all of our mining licences, coal production licences, safety production licences, environmental or other certificates, approvals or permits may have a material adverse effect on our business, financial condition and results of operations. See “*Business – Mining and Exploration Licences*”.

In addition, some regulatory consents in New South Wales may contain conditions which grant the owners of prescribed properties affected by the operation of a mine a right to have their properties acquired by the mine operator. The exercise of this right by affected owners of prescribed properties (both individually and in the aggregate) may impact our operational and financial performance. Moreover, Australian environmental

approval processes require a technical environmental assessment to be prepared prior to granting approval, as well as public consultation. Community groups may lobby for more restrictive conditions to be imposed on approvals granted or for the approval to be declined, either of which may result in a material adverse effect on our business and results of operations.

Our risk management and internal control systems may not fully protect us against the various risks inherent in our business.

While we manage regulatory compliance by monitoring and evaluating our internal controls and risk management systems to ensure that we are in compliance with all relevant statutory and regulatory requirements, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

Any changes in accounting standards may have an adverse effect on our reported financial performance or financial position.

We prepare our financial statements in accordance with the International Financial Reporting Standards (“IFRS”) and other authoritative pronouncements and interpretations issued by the International Accounting Standards Board (“IASB”). The IASB may amend IFRS and the related pronouncements and interpretations or replace them with new standards, and such amendment or replacement is beyond our control. Any changes to IFRS or to the interpretation of those standards, or any disagreements by authorities of the judgments or estimates applied by us as required by IFRS, may have an adverse effect on our reported financial performance or financial position.

The future adoption of IFRS 16 on the accounting treatment of our leases may impact our financial results.

Our business operations involve leases for certain items of property, plant and equipment, including operating leases for mining equipment, office space and small items of office equipment. As at 31 December 2015, 2016 and 2017 and 30 June 2018, we had total operating lease commitments of A\$6 million, A\$92 million, A\$187 million and A\$177 million, respectively.

We will adopt IFRS 16 on 1 January 2019. Under IFRS 16, which replaces certain other accounting standards for leases, at the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments.

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

With respect to our future leases under IFRS 16, we expect that for our property, plant and equipment which have minimum lease payments over the lease term, the combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the statement of profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there would otherwise be no impact on the total amount of expenses recognised over the lease term. We expect that during the lease term, a certain portion of these lease commitments will be recognised in our consolidated statement of financial position as right-of-use assets and

lease liabilities. As a result, if we were to simultaneously enter into a large number of leases with similar durations, under IFRS 16, we would expect to record higher expenses and liabilities attributable to such leases towards the beginning of the lease period, resulting in a lower net assets position. Towards the end of the lease period, we would expect to record lower expenses and liabilities. As a result, while under this scenario, the total expenses attributable to each lease over the course of the respective lease period would not change, our financial results may be materially affected on a year-to-year basis. See note 3 to the Accountants' Report of the Group in Appendix IA to this prospectus for further details on IFRS 16 and how we expect the adoption of IFRS 16 to affect our financial results.

We are dependent on key personnel as well as the availability of qualified technical personnel.

We are dependent on certain key senior management employees. If we lose the services of any of our key management employees, we may have difficulties in finding, relocating and integrating adequate replacement personnel, which could seriously hamper our operations. We are also dependent on attracting qualified technical employees to provide services in relation to certain of our coal and other mining operations.

Coal mining is a labour-intensive industry. Our future success will depend greatly on our and our mining contractors' continued ability to attract and retain skilled and qualified personnel. Even if we are able to attract, integrate and retain new qualified technical personnel, this may be achieved on uneconomic terms. Any failure by us to retain our current workforce or hire comparable personnel in the future could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our operations may be affected by uncertain mining conditions and we may suffer losses resulting from mining safety incidents, which may not be covered by our insurance.

Mining activities are inherently risky and hazardous. Our business is subject to a number of risks and hazards generally which may affect the safety of our workforce as well as our costs of producing coal. Specifically, our operations are subject to adverse environmental conditions, deterioration in the quality or variations in the thickness of coal seams, industrial accidents such as roof collapses, mine water discharge and flooding, explosions from methane gas or coal dust, ground falls and other mining hazards, labour disputes, power interruptions, critical equipment failure (including in particular any protracted breakdown of, or issues with, our coal handling and preparation plants or major excavators and longwalls), unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, earthquakes and fires. The occurrence of any of the foregoing events or conditions would have a material adverse impact on our business, financial condition and results of operations.

Although we conduct geological and geotechnical assessments on mining conditions and adapt our mining plans to the mining conditions at each mine, any such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to our properties or properties of others, reduction in the amount of coal produced, delays in development or mining, increased costs, monetary losses and possible legal liability. Although we have implemented safety measures at our mining sites which are subject to independent audits, trained our employees on occupational safety and maintain liability insurance for personal injuries as well as limited property damage for certain of our operations, safety incidents may occur.

Consistent with what we believe to be industry practice, we maintain insurance to protect against certain risks in amounts we consider to be reasonable. However, our insurance may not cover all the potential risks associated with our operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums and may not be able to pass on any increased costs relating to insurance to our customers. If such costs exceed the levels which we expect, there could be a material adverse effect on our business, financial condition and results of operations.

We may not always be able to detect or prevent fraud, bribery or other misconduct by our employees, customers or other third parties on a timely basis.

Any fraud, misrepresentation, money laundering or other misconduct by our employees, customers, service providers, business partners or other third parties could result in violations of relevant laws and regulations by us and subject us to corresponding regulatory sanctions. These unlawful activities and other misconduct may have occurred in the past and may occur in the future, and may result in civil and criminal liability under increasingly stringent laws or cause serious reputational or financial harm to us. While we have in place and are implementing measures aimed at detecting and preventing employees' and external parties' fraud, misrepresentation, money laundering, commercial bribery and other misconduct, we may not be able to timely detect or prevent such activities, which could subject us to regulatory investigations and criminal and civil liability, harm our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to protect our other intellectual property rights, which could have a material adverse effect on our business.

We own intellectual property such as trademarks and know-how. See "*Business – Intellectual Property*".

We believe that our intellectual property rights are important to our success. Besides applicable laws, we rely on a combination of confidentiality policies and agreements, nondisclosure and other contractual arrangements to protect our intellectual property rights. We cannot assure you that we will be able to detect any unauthorised use of, or take appropriate, adequate and timely actions to enforce, our intellectual property rights. Consequently, we may not be able to effectively prevent unauthorised use of our patents in other countries where such patents are not registered.

The measures we take to protect our intellectual property rights may not be adequate, and monitoring and preventing unauthorised use is difficult. The protection of our intellectual property may be compromised as a result of (i) expiration of the protection period of our registered intellectual property rights; (ii) infringement by others of our intellectual property rights; and (iii) refusal by relevant regulatory authorities to approve our pending patent applications. If we are unable to adequately protect our intellectual property rights, our reputation may be negatively impacted and our business may be materially and adversely affected.

Failure of our information technology systems could adversely affect our business.

Our business relies on the performance, reliability and availability of our information technology systems. The proper functioning of our significant information technology systems, including in particular enterprise software from SAP that we use to manage our business operations and customer relations, Citect SCADA used to manage our control systems, and Intellex, Damstra and Pegasus used for our environment, health and safety systems, is important for our business. These systems and our information technology infrastructure in general may be adversely affected by factors such as server damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, telecommunications failures, external malicious intervention such as hacking, terrorism, fire, natural disasters, or weather interventions. Such events are largely beyond our control, and may affect our ability to carry on our operations efficiently, which could harm our business and results of operations.

Our business and industry may be affected by the price of natural gas as well as the development of alternative energy sources and climate change.

We supply coal as fuel to, among others, the thermal power generation industry and, as a result, are affected by the demand and growth of the thermal power industry. Thermal coal as a fuel source competes, among others, with natural gas, and the price of natural gas can therefore affect coal sales. The natural gas market has been volatile historically and prices in this market are subject to wide fluctuations in response to relatively minor changes in supply and demand. Changes in supply and demand could be prompted by any number of factors, such as worldwide and regional economic and political conditions; the level of global exploration, production and inventories; natural gas prices; and transportation availability. If natural gas prices decline significantly, it could lead to reduced coal sales and have a material adverse effect on our financial condition, results of operations and cash flows.

The thermal power generation industry is also affected by the development of alternative energy sources, climate change and global environmental factors. While the majority of global energy consumption is from conventional energy sources such as coal, alternative energy industries are rapidly developing and are gradually gaining widespread acceptance. Coal combustion generates significant greenhouse gas and other pollutants, and the effects of climate change resulting from global warming and increased pollution levels may provide incentives for governments to promote or invest in “green” energy technologies such as wind, solar, nuclear and biomass power plants, or to reduce their consumption of conventional energy sources such as coal. On 4 November 2016, the Paris Agreement within the United Nation’s Framework Convention on Climate Change came into force, which aims to control the increase in global temperatures, increase the ability of countries to adapt to the adverse impacts of climate change and provide channels to finance projects that lead to greenhouse gas reductions. As at the Latest Practicable Date, the Paris Agreement had been signed by 197 countries, including Australia and the PRC. In recent years, the PRC has also taken steps to address severe air pollution in many cities by adopting a range of policies to lower carbon emissions and reduce coal usage, and is targeting increasing the share of non-fossil fuels in primary energy consumption to 20% by 2030.

With the increased concern and development on low-carbon economy and environmental protection globally, coal consumption is expected to gradually decrease. If alternative energy technologies continue to develop and prove suitable for wide commercial application, demand for conventional energy sources such as coal could gradually be reduced. Further, efforts to increase energy efficiency, control greenhouse gas emissions and enhance environmental protection may also result in a decrease in coal consumption. In 2017, coal accounted for approximately 41% of global electricity generation. This proportion is expected to decline to 39% of global electricity generation by 2020, driven by growth in non-hydro renewable energy sources. While new thermal generation capacity is being installed in countries in Asia, there is no assurance that this will continue to be the case, particularly given the proliferation of renewable energy assets and other energy sources in our key markets. For further details, see “*Industry Overview*”. A decrease in the demand and consumption of thermal coal, particularly in Asia and other developing countries, would have a material adverse effect on the coal mining industry and, consequently, our business, financial condition and results of operations. See “– *Our business, financial condition and results of operations may be adversely affected by present or future environmental regulations in Australia and other countries, and we may be exposed to legal claims and increased costs due to the environmental impacts of our operations*”.

Decreases in demand for steel in our principal markets, and the consequent decline in demand for metallurgical coal, could adversely affect our business, financial condition and results of operations.

A significant proportion of demand growth for metallurgical coal is expected to come from increased steel production in developing nations in Asia. In the past decade, the PRC became a net importer of coal from being a net exporter, which was a major contributor to the growth in seaborne coal demand during this period. The pace of economic growth in the PRC has now slowed, and it is uncertain whether the “One Belt, One Road” initiative will result in a new surge in infrastructure building across Asia in a manner that will boost steel, and metallurgical coal, demand. Global metallurgical coal import demand growth between 2017 and 2020 is forecast to be around 2.8% CAGR, lower than the estimated 3.6% CAGR between 2012 and 2017. The demand outlook for export metallurgical coal in the near to medium term is expected to shift from a focus on demand growth in the PRC to growth in India and other emerging markets in Southeast Asia. Indian demand is expected to be assisted by the country’s comparatively strong economic growth and is likely to receive an additional boost from the government’s plans to increase spending on infrastructure development, including railways. Although India aims to reduce reliance on imported coals, high Indian demand and the relatively poor quality of most domestic coals is expected to result in increased metallurgical coal imports, including from Australia. There is, however, no assurance that increased steel demand in India and Southeast Asian countries will be able to offset reduced demand in the PRC, or that consequently, metallurgical coal demand and prices will remain stable or increase in the future.

Future governmental policy changes in the PRC may be detrimental to the global coal market and impact our business, financial condition or results of operations.

The PRC government has from time to time implemented regulations and promulgated new laws or restrictions, sometimes with little advance notice, which may impact worldwide coal demand, supply and

prices. In early 2016, the PRC government announced a 276-work day limitation on the annual operating days for coal mines. As a result of these and other restrictions, the PRC's domestic thermal coal production in 2016 decreased by 10% to 2.7 Bt, while thermal coal imports in 2016 increased by 26%. The PRC's domestic coal production is expected to be further impacted by the government's plan to close 800 Mt of coal capacity by 2020. In addition, the PRC has recently introduced domestic supply restrictions focused on enforcing environmental and safety rules at existing operations as well as consolidating production around larger, more modern operations. For further details, see "*Industry Overview*". In 2018 China imposed a quota on imports of coal, which we understand was reached in mid- November, following which China has halted coal imports for the remainder of the year. We believe that this development will not have a material impact on us. If the Chinese government were to impose stricter import quotas for 2019 or future periods then, unless we are able to find alternative destinations for the coal we designate for export to China, our revenues and results of operations in future periods could be adversely affected. It is possible that further policy changes in the PRC may negatively impact the global coal market and, consequently, impact our business, financial condition or results of operations.

In addition, similar actions by government entities in countries that produce and/or consume large quantities of coal and other energy related commodities may have a material impact on the prices at which we sell our products.

RISKS RELATING TO THE GLOBAL OFFERING

The trading price of our Shares has been volatile and the Minimum Offer Price is higher than the recent trading price of the Shares, which may result in substantial losses for investors subscribing for or purchasing our Shares pursuant to the Global Offering.

There has been significant volatility in the trading price of our Shares on the ASX. In the 52 weeks preceding 18 November 2018, the Latest Practicable Date, the trading price of our Shares has ranged between A\$2.60 and A\$5.95. As at the Latest Practicable Date, our Share price was A\$3.18, which is lower than the Minimum Offer Price. Although the trading price of our Shares on the ASX might not be indicative of the expected market price for our Shares on the Stock Exchange following the Global Offering, unless the trading price of our Shares increases between the date of this prospectus and the listing date, investors subscribing for Shares in the Global Offering will incur an immediate mark-to-market loss. Further, trading in the Shares on the ASX has historically been low, which has contributed to the substantial fluctuations in their trading price. The trading price of our Shares on the ASX might continue to be, and the trading price of our Shares on the Stock Exchange following Listing could be, subject to substantial fluctuations and high volatility as a result of various factors. Some of these factors are beyond our control, including:

- low levels of liquidity in trading our Shares;
- actual or anticipated fluctuations in our results of operations (including variations arising from foreign exchange rate fluctuations or from variations in the price that we can realise for our coal sales);
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation, regulatory investigations and environmental interruptions;
- tariffs and other trade restrictions, other governmental actions, changes in general economic conditions or other developments affecting us or our industry;
- general investor perception and inflation and interest rates;

- price movements on international stock markets, the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us, our Controlling Shareholder or other Shareholders.

The liquidity of our Shares on the Stock Exchange could be limited.

Our Shares have not been traded on the Stock Exchange before the Global Offering and there could be limited liquidity in our Shares on the Stock Exchange. As at the Latest Practicable Date, approximately 11% of the Shares are held by public investors and trading in the Shares on the ASX has historically been low. This low liquidity may continue on the ASX and may also be experienced on the Stock Exchange following the Global Offering, including on account of, among other things, a substantial portion of the Global Offering being placed with the Cornerstone Investor who is restricted from disposing of its Shares for six months following the Listing Date. Although Shareholders will be able to transfer our Shares from the Australian register to the Hong Kong register, and vice versa, there is no certainty as to the number of Shares that Shareholders may elect to transfer to Hong Kong. This could adversely affect investors' ability to purchase or liquidate Shares on the Stock Exchange. There is also no assurance that an open market will in fact develop for our Shares on the Stock Exchange. There can also be no guarantee that the price at which our Shares are traded on the Stock Exchange will be substantially the same as or similar to the price at which our Shares are traded on the ASX or that any particular volume of our Shares will trade on the Stock Exchange.

The time lag of moving Shares between the Hong Kong and Australian markets could be longer than expected, and our Shareholders might not be able to settle or undertake any Share sale during this period.

There is no direct trading or settlement between the Stock Exchange and ASX. To enable the movement of Shares between the two stock exchanges, our Shareholders are required to comply with specific procedures and bear the necessary costs. Under normal circumstances and assuming that there are no deviations from the usual cross-border share movement procedures, our Shareholders can expect normal cross-border movement between the principal register of members in Australia and the branch register of members in Hong Kong, and vice versa, to complete within three to six Business Days depending on how their Shares are or will be registered (i.e. in certificated form or within CCASS in Hong Kong). However, we cannot assure you that the transfer of Shares will be completed in accordance with this timeline. There could be unforeseen market circumstances or other factors that could delay the movement, thereby preventing our Shareholders from settling or effecting the sale of their Shares.

There may be differences between the Australian and Hong Kong stock markets, and undue reliance should not be placed on prior ASX trading data.

Our Shares have been listed and traded on the ASX since 2012. Following the Global Offering, it is our current intention that our Shares will continue to be traded on the ASX. Our Shares traded on the Stock Exchange will be registered by our Hong Kong branch share registrar. As there is no direct trading or settlement between the stock markets of Australia and Hong Kong, the time required to move shares between the principal register of members in Australia and the branch register of members in Hong Kong could vary and there is no certainty when Shares being moved will be available for trading or settlement. The ASX and the Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result, the trading price of our Shares on the ASX and the Stock Exchange might not be the same.

Further, fluctuations in the price of our Shares on the ASX could adversely affect the price of our Shares on the Stock Exchange and vice versa. Moreover, fluctuations in the exchange rate between Australian dollars and Hong Kong dollars can also adversely affect the trading prices of our Shares on the ASX and the Stock Exchange. Due to the different characteristics of the stock markets of Australia and Hong Kong, the historical prices of our Shares on the ASX might not be indicative of the performance of our Shares on the Stock

Exchange after the Global Offering. You should therefore not place undue reliance on the prior ASX trading information.

We will be concurrently subject to Hong Kong and Australian listing and regulatory requirements.

As we are listed on the ASX and will be listed on the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

Australian taxes may differ from tax laws of other jurisdictions, including Hong Kong.

The Company is incorporated in Australia. Prospective investors should consult their tax advisers concerning the overall tax consequences of acquiring, owning, or selling the Shares. Australian tax law may differ from the tax laws of other jurisdictions, including Hong Kong. Please see “*Appendix IV – Taxation and Regulatory Overview*” for further information.

Investments in our Company may be subject to restrictions under Australian foreign investment laws.

The Foreign Investment Review Board (“**FIRB**”) is a non-statutory body which provides advice to the Australian Treasurer (“**Treasurer**”) in connection with foreign investment proposals pursuant to the Foreign Acquisitions and Takeovers Act 1975 (Cth) (“**Australia Foreign Acquisitions and Takeovers Act**”), the Foreign Acquisitions and Takeovers Fees Imposition Act 2015 and the Foreign Acquisitions and Takeovers Regulation 2015.

Whether FIRB approval is required for a foreign investor to acquire an interest in the Company is determined on a case by case basis. It is the responsibility of the investor to determine if it requires FIRB approval before acquiring Offer Shares under the Global Offering or Shares in the secondary market. Further, it is the responsibility of the investor to otherwise ensure that it complies with the Australia Foreign Acquisitions and Takeovers Act in relation to investments in Australian companies or businesses, including obtaining any governmental or other consents which may be required, and that it complies with other necessary approval and registration requirements and other formalities.

A “foreign person” (as defined in the Australia Foreign Acquisitions and Takeovers Act) (“**Foreign Person**”) is required to obtain FIRB approval from the Treasurer to acquire Offer Shares as part of the Global Offering, or acquire Shares in the secondary market, if they are a Foreign Government Investor from the PRC. Due to the operation of association rules under the Australia Foreign Acquisitions and Takeovers Act and the current level of ownership of the Company by Foreign Government Investors from the PRC, any acquisition of Offer Shares by Foreign Government Investors from the PRC will require prior approval by the Treasurer. In addition, a Foreign Person is required to obtain prior approval from the Treasurer to acquire Offer Shares as part of the Global Offering if they are a Foreign Government Investor from a country other than the PRC and they are acquiring 10% or more of the Shares as part of the Global Offering. These approvals are “notifiable actions”, which means that failure to notify them is an offence under the law.

Investors should seek independent legal advice prior to making an acquisition of Offer Shares as part of the Global Offering or acquire Shares in the secondary market. For more information, please see “*Appendix IV – Taxation and Regulatory Overview – Regulations in Relation to Foreign Investment in Australia*” and “*Appendix V – Summary of the Constitution of the Company and the Australia Corporations Act*”.

We may not declare dividends on our Shares in the future.

Our Constitution provides that, subject to applicable laws, the ongoing cash needs of the business, the statutory and common law duties of the Directors and shareholders’ approval, the Directors may pay interim and/or final dividends, and must:

- (i) subject to (ii) below pay as interim and/or final dividends not less than 40% of net profit after tax (prior to any abnormal items) in each financial year; and

- (ii) if the Directors determine that it is necessary in order to prudently manage our financial position, pay as interim and/or final dividends not less than 25% of net profit after tax (prior to any abnormal items) in any given financial year.

As a result, the amount of any dividends to be declared or paid will depend on, among other things, our results of operations, cash flows, financial condition, operating and capital requirements and applicable laws and regulations and will be subject to the approval of our Shareholders. See “*Financial Information of the Group – Dividends and Dividend Policy*”. There is no assurance that dividends of any amount will be declared or distributed in any year.

The Company has an obligation to withhold tax on distributions of dividends paid to non-residents to the extent the distributions are unfranked.

Australia follows an imputation system in relation to corporate tax whereby the concept of franking broadly represents the net Australian corporate tax paid. When a corporate tax entity makes a distribution to its members, it can impute tax credits to the distribution to alleviate withholding tax payable by non-resident shareholders.

Dividends paid by the Company may be franked with an imputation credit to the extent that Australian corporate income tax has been paid by the Company. Where the Company pays a dividend from untaxed profits, no franking credit would be available. Such distributions are referred to as unfranked dividends.

To the extent dividends paid by the Company to non-resident shareholders are unfranked, such dividends are subject to Australian dividend withholding tax of up to 30% (which may be reduced if dividends are paid to residents of treaty countries). In particular, unfranked dividends paid to Shareholders resident in Hong Kong will be subject to withholding tax at 30% while unfranked dividends paid to Shareholders resident in the PRC eligible for treaty relief will be subject to withholding tax at 15%. Due to the current tax profile of the Company, any dividends paid by the Company during FY2018 to FY2019 would be expected to be unfranked. Accordingly, dividend withholding tax would be expected to be deducted from such dividend payments made during this period.

Future sales or perceived sales or conversion of substantial amounts of our Shares in the public market, including any future offering of Shares or conversion of our unlisted Shares into listed Shares, could have a material adverse effect on the prevailing market price of our Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our Shares could decline as a result of future sales or issuances of a substantial number of our Shares or other securities relating to our Shares in the public market, or the perception that such sales or issuances may occur. Moreover, such future sales or perceived sales may also adversely affect the prevailing market price of our Shares and our ability to raise capital in the future at a favourable time and price. The Shares held by our Controlling Shareholders are subject to certain lock-up undertakings after the Listing Date. See “*Underwriting – Underwriting Arrangements and Expenses*”. We cannot assure you that our Controlling Shareholders will not dispose of the Shares they may own now or in the future. In addition, a substantial portion of the Offer Shares will be subscribed to by the Cornerstones Investor who is restricted from disposing of its Shares for six months following the Listing Date. For further details, see “*Cornerstone Investor*”. We cannot assure you that upon the expiry of the six-month lock-up, there will not be a sale of a substantial number of Shares by the Cornerstone Investor.

Moreover, if additional funds are raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership for such Shareholders may be reduced. Such new securities may also confer rights and privileges that take priority over those conferred by the Shares.

Purchasers of Shares in the Global Offering will incur dilution to the extent Shareholders participate in the Australian Entitlement Offer.

As required by the standard ASX timetable for pro rata entitlement offers, the Australian Entitlement Offer will be open for acceptance by eligible existing Shareholders of the Company (other than the Shareholders of the Company that renounce their entitlement to subscribe to Shares) for a period of eight business days, commencing on the business day after the date of settlement of the Global Offering (i.e. on the business day after the Listing Date). If any Shareholder subscribes to Shares under the Australian Entitlement Offer during this period, it will result in a dilution in the shareholding of purchasers of our Shares in the Global Offering. The Australian Entitlement Offer is not underwritten and therefore dilution will only occur to the extent that eligible existing Shareholders of the Company elect to take up their entitlements, which will involve the issue of up to 8,225,509 Shares (assuming that the level of take up of the retail tranche of the Australian Entitlement Offer is 100%), representing 0.63% of the Shares in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised. The full exercise of the Over-allotment Option will involve the issue of up to 8,916,200 Shares, representing 0.67% of the Shares in issue immediately upon completion of the Global Offering but before the full exercise of the Over-allotment Option, assuming that the level of take up of the retail tranche of the Australian Entitlement Offer is 100%.

The market price of our Shares when trading begins could be lower than the Offer Price.

The Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be on the fifth Business Day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

We cannot assure you that the Shares will remain listed on the Stock Exchange.

Although it is currently intended that the Shares will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the Shares. Among other factors, the Company may not continue to satisfy the listing requirements of the Stock Exchange. Holders of Shares would not be able to sell their Shares through trading on the Stock Exchange if the Shares were no longer listed on the Stock Exchange.

You may face difficulties in enforcing your shareholder rights since the laws of Australia for minority shareholders' protection could be different from those under the laws of Hong Kong and other jurisdictions.

We are a company incorporated in Australia with limited liability, and the laws of Australia differ in some respects from those of Hong Kong or other jurisdictions where investors might be located. Our corporate affairs are governed by our Constitution and related charters and policies, the Corporations Act 2001 (Cth) ("**Australia Corporations Act**") and the laws of Australia. The laws of Australia relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedents in existence in Hong Kong and other jurisdictions. This could mean that the remedies available to our Company's minority Shareholders could be different from those they would have under the laws of Hong Kong and other jurisdictions.

Certain facts and other statistics with respect to the coal market and industry in this prospectus may not be fully reliable.

Certain facts and other statistics in this prospectus relating to the global and regional coal market and industry have been derived from various official government publications and other publicly available data. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by us or any of our affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics. Investors should read the entire prospectus carefully and should not consider any

particular statements in published media reports without carefully considering the risks and other information contained in this prospectus.

There may be coverage in the media regarding the Global Offering and our operations.

We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should read the entire prospectus carefully and should not rely on any of the information in press articles or other media coverage. Prospective investors should only rely on the information contained in this prospectus and the Application Forms to make investment decisions about us.

BUSINESS

Glencore is one of our key operational partners and is also our shareholder. Our joint venture in relation to HVO combines the experience and efficiencies of two of Australia's largest coal producers, enabling us to benefit from operational synergies. We also expect to benefit from Glencore's economies of scale, through access to group-wide contracts for equipment replacement and parts, overheads and support services rationalisation and mining technology.

We have long-term relationships with end-users in key global markets. Our strong trade relationships with customers in Japan, South Korea, the PRC, Singapore and Taiwan underline our successful marketing efforts in our key export markets. We have also been able to establish long-term relationships with customers through a strategy of focusing on major end-users such as power utilities and steel mills. We are also focused on maximising new sales opportunities generated from the C&A acquisition, including the marketing of semi-soft coal products into India and Europe and premium thermal coals across Asian markets.

Yanzhou and Cinda, our key shareholders, play an important role in the success of our business and have been supportive of our growth. Yanzhou is one of the leading underground coal producers in the PRC and is listed on the Hong Kong and Shanghai stock exchanges. As a highly regarded and competitive player in the market, Yanzhou has supported us with various aspects of our business, including by taking up US\$1.0 billion of its entitlements during the C&A US\$2.45 billion entitlement offer in 2017. Cinda, one of the leading coal investors in the PRC, made a strategic investment by underwriting US\$734.3 million of the US\$2.45 billion entitlement offer in 2017 to finance the acquisition of C&A and subsequently obtained representation on our board of directors.

OUR BUSINESS STRATEGIES

We are committed to continuing our strategic growth and to maximising new opportunities to build our business as a leading low cost coal producer in the global seaborne market with a focus on creating long term value for our shareholders. Our management team remains focused on investing in the Australian resources sector, implementing operational efficiencies, reducing costs, exploring new market opportunities and providing our customers with the certainty of product quality and delivery.

Evaluate and execute portfolio expansion and improvement through value accretive organic and inorganic opportunities.

We believe that we have demonstrated our ability to pursue successful organic and inorganic growth focused on improving our portfolio production mix, i.e., increasing the percentage of sales from our lowest cost operations. We have continued to deliver brownfield expansion projects on time and budget through efficient and robust project management such as our recent execution of the Moolarben Stage Two expansion project which provided for an increase in ROM production capacity at the low cost Moolarben complex from 8 Mtpa of open cut production to 21 Mtpa across both open cut (13 Mtpa) and underground operations (8 Mtpa), and that our proven project identification and execution expertise positions us well to pursue organic growth opportunities within our existing asset portfolio. The recent successful completion of the acquisition of the low cost C&A operations and the related HVO joint venture with Glencore demonstrate our ability to pursue and complete major strategic transactions, and we will continue to be opportunistic in pursuing such inorganic growth opportunities, with a strong focus on transactions that will be value-accretive to our shareholders.

We believe that our portfolio offers further potential organic growth opportunities, particularly following our acquisition of the C&A assets. These include underground expansion opportunities at MTW, maximising the potential of the open cut operations at Moolarben, and evaluating, together with Glencore, exploitation of opportunities with respect to "barrier coal" deposits in and around HVO. We believe that we have demonstrated the ability to deliver projects on time and within budget.

Continued focus on operational efficiencies to increase mine productivity and reduce operating costs.

We continue to implement operational efficiency initiatives across all our mines, with a commitment to reducing costs and supporting future growth opportunities. We believe that the scale of our operations provides us with an opportunity to share our core operating principles across our business, driving efficiency, performance and productivity to achieve enhanced revenue and profitability.

As we complete the integration of the assets acquired as part of the C&A Acquisition, we aim to improve operational synergies among HVO, MTW and Moolarben in particular, by maximising the benefits of the mines' adjacent geographic locations. These benefits include the potential of increased marketable reserves, mine life and reduced strip ratio/costs as a result of mining coal from barriers between the mining leases (at HVO specifically), equipment optimisation across various sites, as well as coal blending and reduction in take-or-pay liabilities through the optimisation of logistics and port allocation. We continue to explore how varying mining methods may be implemented across these assets and our other operations to improve mine productivity and operational performance, and reduce costs. HVO, MTW and Moolarben are amongst the ten largest thermal coal mines in Australia and are situated in close proximity to a common railway network.

Specific recent synergy initiatives we have undertaken with regard to the C&A assets include a focus on utilisation requirements for heavy mobile machinery, review of loading fleet capacity, implementation of greater operational accountability and monitoring measures, as well as a dragline shutdown cost reduction project at MTW. We have also obtained benefits from our enhanced scale of operations resulting in cost reductions from vendors and other counterparties, including negotiated price reductions for rail haulage services at HVO and MTW.

We intend to continue increasing productivity across our fleet of excavators, bulldozers, graders and haul trucks, by optimising our maintenance practices to ensure improvements in equipment availability, and by providing best practice training to our personnel to enhance equipment utilisation. To optimise costs, we continue to seek more favourable terms across the procurement contracts that support our business. The combination of our strategic portfolio improvement and our productivity and cost optimisation initiatives across all operations in recent years have been effective, resulting in our FOB cash costs (excluding royalties) decreasing from A\$78/saleable tonne in 2013 to A\$63/saleable tonne in the six months ended 30 June 2018 (with respect to coal from the mines we operated in the respective years).

Grow our business in existing markets and new markets, aided by a dynamic product mix strategy.

We intend to continue growing our business in our key thermal and coking coal markets, which are Japan, South Korea, the PRC and Taiwan. During the Track Record Period, we also supplied coal to power plants and steel mills in other Asian countries such as Malaysia, Vietnam, Thailand, India and Indonesia, as well as customers in South America and Europe on an ad hoc basis. We plan to pursue market opportunities that can generate profitable medium to long term returns, particularly against a backdrop of policies intended to reduce long term carbon density. We believe that we have had success in the PRC, where our dedicated focus on key major end users such as Huaneng Power International, Baosteel Stainless Steel and Yuan Li Steel resulted in the PRC's share of our total revenue by end user increasing from 8.3% in 2015 to 24.9% in 2017. We plan to continue targeting a more diverse market portfolio across our focus markets. The Industry Report predicts growth in coal demand in major markets such as India, which continue to be dependent on thermal power and where there are widespread coal supply shortages. While India sources most of its coal from South Africa and Indonesia, Australia is expected to remain an alternative and competitive source of coal for this growing market, which may offer us growth opportunities there.

We believe that anticipating and responding to our customers' changing needs and requirements is an important aspect of our growth strategy and a competitive advantage. Our operating scale combined with the diversity of our assets enables us to deliver a range of coals to meet our customers' specifications. We collaborate with our customers to provide suitable blends, including the generation of new blends, across the product spectrum. The acquisition of C&A has provided us with access to a wider range of coal grades, which has enabled us to realise blending synergies on certain contracts. We also anticipate the further growth of HELE plants across our key Asian markets, which should provide additional opportunities to blend coal to meet the high energy, low emission requirements and specifications of those plants.

Sustain financial discipline and strengthen our balance sheet to support future growth.

We intend to maintain our focus on financial discipline and look for ways to further strengthen our balance sheet to support our future growth. We intend to use a portion of the proceeds of the Offering to refinance our existing indebtedness and reduce our overall weighted average cost of capital.

We also believe that our acquisition of the C&A assets has materially strengthened our balance sheet and created a pathway to a long term sustainable capital structure and future cash flow generation. We believe that following the acquisition our balance sheet is well capitalised, with a gearing ratio (which we define as gross debt divided by total equity at the end of the period) of 0.8 as at 30 June 2018 compared to 3.7 as at 31 December 2016. In addition, we repaid debt of US\$450 million in May 2018 and US\$50 million in June 2018, which we believe has further improved our financial position. We intend to explore further opportunities to reduce our finance costs, through voluntary prepayments or lower cost re-financings. For example, on 17 September 2018 and 17 October 2018, we further repaid US\$150 million and US\$100 million, respectively, of our bank and related party debt using excess cash flows generated from operations. Following the completion of the Global Offering and the Australian Entitlement Offer, we expect our leverage ratio to further improve, providing us with the balance sheet and cash flow strength to consider the possibility of meeting the dividend mandate set forth in our Constitution and to pursue strategic opportunities when they become available.

Maintain high standards of safety and responsible working practices.

We believe that we have a strong record of compliance with environmental, health and safety legislation in Australia's highly regulated environment. We aim to maintain high standards of safety across our business. We believe that sound safety practices are a cornerstone of our business and we strive to ensure the provision of a safe workplace for the approximately 4,000 people who work in our mines. To support this commitment, we continue to implement safety training and incident response practices across each of our operations; for example, we have introduced the Critical Controls initiative to identify and mitigate against significant onsite risks.

KEY DATA AND OPERATIONALL METRICS

The following tables set forth certain information relating to each of the coal mines in which we have ownership interests and operate, the Middlemount joint venture and the Watagan Mines:

	Mines we have ownership interests in and operate					Other joint venture interests	Watagan Mines			Total ⁽¹¹⁾
	HVO (OC) ⁽¹⁾ (2)(10)	MTW (OC) ⁽¹⁾ (10)	Moolarben (OC/UG) ⁽¹⁾	Stratford Duralie (OC) ⁽¹⁾	Yarrabee (OC) ⁽¹⁾	Middlemount (OC) ⁽¹⁾	Ashton ⁽³⁾ (OC/UG) ⁽¹⁾	Austar ⁽³⁾ (UG) ⁽¹⁾	Donaldson ⁽³⁾ (UG) ⁽¹⁾	
Background data										
Location	NSW	NSW	NSW	NSW	QLD	QLD	NSW	NSW	NSW	–
Date of initial operation	1949	1981	2010	1995	1982	2011	2005	1916	2006	–
Interest at the Latest Practicable Date (%)	51.0	Mount Thorley: 80 Warkworth: 84.5	81	100	100	49.9997	100	100	100	–

	Mines we have ownership interests in and operate					Other joint venture interests	Watagan Mines			
	HVO (OC) ⁽¹⁾⁽²⁾⁽¹⁰⁾	MTW (OC) ⁽¹⁾⁽¹⁰⁾	Moolarben (OC/UG) ⁽¹⁾	Stratford Duralie (OC) ⁽¹⁾	Yarrabee (OC) ⁽¹⁾	Middlemount (OC) ⁽¹⁾	Ashton ⁽³⁾ (OC/UG) ⁽¹⁾	Austar ⁽³⁾ (UG) ⁽¹⁾	Donaldson ⁽³⁾ (UG) ⁽¹⁾	Total ⁽¹¹⁾
		Share of coal production: 82.9								
Designed annual production capacity (Mt) ⁽⁴⁾	20.0	18.5	21.0	4.6	3.5	5.4	5.5	5.0	5.1	88.6
Permitted annual production capacity (Mt) ⁽⁴⁾	38.0	28.0	21.0	5.6	4.0	5.7	8.6	3.6	6.1	120.6
Tenement expiry dates ⁽⁵⁾	14 Apr 2019 – 19 Apr 2038	23 Feb 2020 – 17 Mar 2038	12 Feb 2020 – 31 Aug 2036	5 Apr 2019 – 8 Apr 2037	13 Nov 2018 – 31 May 2044	30 Apr 2020 – 30 Sep 2031	21 May 2020 – 16 May 2035	7 Dec 2018 – 3 Feb 2039	21 Jul 2019 – 30 Jun 2038	–
Remaining mine life (years)	43	23	20	35	38	20	13	17	11	–

Notes:

- (1) UG refers to underground mining operations and OC refers to open cut mining operations.
- (2) HVO is operated as a 51%:49% unincorporated joint venture with Glencore. The HVO JV is jointly controlled by us and Glencore through the JVMC and is operated by a manager, HV Ops, which is appointed by us and Glencore and reports to the JVMC. See “– Joint Venture Agreements – HVO” for further details of the joint venture agreement with Glencore.
- (3) Owned but not controlled by us under the applicable accounting standards. See “Financial Information of the Group – Acquisitions, Disposals and Deconsolidation – Watagan Deconsolidation”, “– Our Mining Operations – Watagan Mines – Watagan Agreements” and “Risk Factors – Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production shutdowns and fatalities, and further such incidents or outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown” for further details.
- (4) As defined in the JORC Code and as at 30 June 2018.
- (5) See “– Mining and Exploration Licences – Approvals, Permits and Licences to be Obtained” and “Appendix III – Competent Person’s Report – Appendix F. Tenements” for further details of the expiry dates of the tenements for each mine site.
- (10) HVO and MTW were not part of the Group in 2015 and 2016.
- (11) Data is subject to rounding, which may result in minor tabulation differences.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “*Business – Our Business Strategies*” for a detailed description of our future plans and strategies.

USE OF PROCEEDS

The net proceeds from the Global Offering which the Company will receive, after deducting the underwriting commissions and the estimated expenses in relation to the Global Offering and assuming the Over-allotment Option is not exercised, will be:

- approximately HK\$1,183 million, assuming an Offer Price of HK\$23.48 (being the Minimum Offer Price);
- approximately HK\$1,251 million, assuming an Offer Price of HK\$24.66 (being the mid-point of the Offer Price Range); or
- approximately HK\$1,320 million, assuming an Offer Price of HK\$25.84 (being the Maximum Offer Price).

The Company intends to use the net proceeds of HK\$1,251 million, assuming an Offer Price of HK\$24.66 (being the mid-point of the Offer Price Range), from the Global Offering as follows:

- approximately HK\$600.7 million (or approximately 48% of the net proceeds) will be used to repay outstanding indebtedness of the Group under the Syndicated Facility and, potentially, unsecured loans from related parties. The Syndicated Facility has an interest rate of LIBOR plus 2.8% to 3.1% plus Yanzhou guarantee fees and the unsecured loans from the related parties have an interest rate of 7%. The Syndicated Facility matures in instalments and the unsecured loans from the related parties are due between 2022 and 2024. In each case, the loans have been utilised primarily to finance our capital expenditure and working capital requirements. (See “*Financial Information of the Group – Indebtedness*” for further details);
- approximately HK\$375.4 million (or approximately 30% of the net proceeds) will be used to finance potential acquisitions (as at the Latest Practicable Date, the Company has not identified any targets to be acquired). In deciding whether to invest in or acquire a particular asset or business, we consider multiple key factors, including, among others (i) strategic value-accretion, (ii) the return on investment and (iii) future growth potential and the level of synergies created by the investment;
- approximately HK\$150.2 million (or approximately 12% of the net proceeds) will be used to finance the acquisition of an additional 4% interest in the unincorporated Moolarben joint venture (see “*Financial Information of the Group – Acquisitions, Disposals and Deconsolidation – Moolarben Acquisition*” for further details); and
- approximately HK\$125.1 million (or approximately 10% of the net proceeds) will be used for working capital and general corporate purposes.

In the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the Offer Price Range, the net proceeds from the Global Offering will be allocated to the above purposes on a pro rata basis, except that if the proceeds to be allocated to the Moolarben Acquisition exceed the purchase price, the difference will be reallocated to repay outstanding indebtedness of the Group under the Syndicated Facility and, potentially, unsecured loans from related parties.

If the Over-allotment Option is exercised in full, the additional net proceeds which the Company will receive, after deducting the underwriting commissions and the estimated expenses in relation to the Global Offering, will be:

- approximately HK\$204 million, assuming an Offer Price of HK\$23.48 (being the Minimum Offer Price);
- approximately HK\$214 million, assuming an Offer Price of HK\$24.66 (being the mid-point of the Offer Price Range); or
- approximately HK\$225 million, assuming an Offer Price of HK\$25.84 (being the Maximum Offer Price).

In each case, such net proceeds from the Global Offering (with or without the exercise of the Over-allotment Option) will be allocated to the purposes described above on a *pro rata* basis, except that if the proceeds to be allocated to the Moolarben Acquisition exceed the purchase price, the difference will be reallocated to repay outstanding indebtedness of the Group under the Syndicated Facility and, potentially, unsecured loans from related parties.

Pending the deployment of the net proceeds from the Global Offering as described above, the Company intends to deposit such net proceeds into short-term interest bearing deposits and/or money market instruments.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE

9. WAIVER IN RELATION TO THE RESTRICTION ON DISPOSAL OF SHARES BY CONTROLLING SHAREHOLDERS AFTER A NEW LISTING

Rule 10.07(1) of the Listing Rules provides that a person or group of persons shown by the listing document issued at the time of the issuer's application for listing to be controlling shareholders of the issuer shall not and shall procure that the relevant registered holder(s) shall not:

- (a) in the period commencing on the date by reference to which disclosure of the shareholding of the controlling shareholders is made in the listing document and ending on the date which is 6 months from the date on which dealings in the securities of a new applicant commence on the Stock Exchange (the **"First Six Month Period"**), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities (the **"Securities"**) of the issuer in respect of which he is or they are shown by that listing document to be the beneficial owner(s); or
- (b) in the period of 6 months commencing on the date on which the First Six Month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that person or group of persons would cease to be a controlling shareholder.

Under Australian law, a person has a relevant interest in a share if they (i) are the registered holder of the share, or (ii) have the power to control voting of the share or (iii) have the power to control disposal of the share. If the Controlling Shareholders give lock up undertakings in favour of the Stock Exchange, this will result in the Stock Exchange acquiring a "relevant interest" in 65.45% of the Shares.

Under Australian takeovers law, a person cannot acquire a relevant interest above 20% unless they fall within one of the permitted gateways (exceptions) or unless relief is provided by ASIC. Accordingly, the Company has sought and ASIC has granted relief to the Stock Exchange from the acquisition of a relevant interest in the Shares subject to the inclusion of the carve outs in paragraphs (a) and (b) below to be included in the lock up undertakings to be given by the Controlling Shareholders, on the basis that the relief is consistent with ASIC's existing policy as it applies to the ASX.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.07(1) of the Listing Rules in respect of the restriction on disposal of Shares by the Controlling Shareholders to allow the Controlling Shareholder:

- (a) to accept a takeover bid that has been made for 100% (or some lesser percentage, in the event of a proportional takeover bid) of the Shares in the Company and in circumstances where at least 50% of the Shares held by non-locked up Shareholders that are the subject of the takeover bid have also accepted that takeover bid, provided that if the takeover bid is a conditional takeover bid and does not become unconditional, then the Shares which had been accepted into the takeover bid will not be released from the restrictions and undertakings referred to above; or
- (b) to have the Controlling Shareholders' Shares in the Company acquired by a bidder following a scheme of arrangement in relation to the Company.

LISTING, REGISTRATION, DEALINGS AND SETTLEMENT

LISTINGS

The Company currently has a primary listing of Shares on the ASX, which it intends to maintain alongside its proposed primary listing of Shares on the Stock Exchange. Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares.

REGISTRATION

The principal register of members of the Company in Australia is maintained by the Australian Share Registry. The Company has established a register of members in Hong Kong, which is maintained by the Hong Kong Share Registrar.

Only certificates for Shares issued by the Hong Kong Share Registrar will be valid for delivery in respect of dealings effected on the Stock Exchange.

Shares held on the Australian Share Registry are in uncertificated form. The Company, through its Australian Share Registry, operates an issuer sponsored sub-register. In addition, the Company participates in the Australian security transfer system known as the Clearing House Electronic Sub-Register System, commonly called CHESS. Shareholders whose Shares are held on the Australian register and who elect to have their shareholding managed by a broker will have their holding recorded by the Australian Share Registry on the CHESS sub-register. All other shareholders whose Shares are held on the Australian register will have their holding recorded on the issuer sponsored sub-register. Within five business days in Sydney after the date of issue of shares held on the Australian register the Australian Share Registry will send Shareholders on the issuer sponsored sub-register a notice advising them of the opening balance of their holdings. Where Shares are to be issued through CHESS, the Australian Share Registry will deliver the Shares to the account specified by the relevant shareholder by no later than five business days in Sydney following the date of issue.

DEALINGS

The transaction costs of dealings in the Shares on the Stock Exchange include a Stock Exchange trading fee of 0.005%, an SFC transaction levy of 0.0027%, a transfer deed stamp duty of HK\$5.00 per transfer deed and ad valorem stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the value of the Shares transferred. The brokerage commission in respect of trades of Shares on the Stock Exchange is freely negotiable.

The brokerage commission in respect of trades of Shares on the ASX is freely negotiable.

SETTLEMENT

Settlement of dealings on the ASX will take place on the second Business Day following the date of transaction. Investors in Hong Kong must settle their trades executed on the Stock Exchange through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his Shares in his stock account or in his designated CCASS Participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the CCASS Rules in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his broker by the settlement date.

An investor may arrange with his broker on a settlement date in respect of his trades executed on the Stock Exchange. Under the Listing Rules and the CCASS Rules, the date of settlement must not be later than the second day following the trade date on which the settlement services of CCASS are open for use by CCASS participants (T+2). For trades settled under CCASS, the CCASS Rules provide that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards. The

CCASS stock settlement fee payable by each counterparty to a Stock Exchange trade is currently 0.002% of the gross transaction value subject to a minimum fee of HK\$2 and a maximum fee of HK\$100 per trade.

SHUNTING REGISTERS

The general procedure for shunting Shares between the Australian Share Registry and the Hong Kong Share Registrar, are as follows:

- each respective share registrar in Australia and Hong Kong has set up a control account as part of the reconciliation of issued capital for the Company. For example, the Australian Share Registry has established a control holding on the Company's Australian principal register with the name "Hong Kong Register Control Account", with the current issued capital of the Hong Kong Share Registrar. This control holding is excluded from any reports concerning largest shareholders and similar matters. The Hong Kong Share Registrar has set up a similar control account with the Shares registered on the Australian principal register;
- when a Shareholder wishes to shunt Shares from between the two registers (the "**home register**") to the other register (the "**target register**"), the Shareholder provides the home registrar with an instruction (either a removal form for retail holders, or via a secure portal for brokers/participants). This instruction provides details of the shareholder on the home register, and in what form they are to be issued on the target register. The home registrar then removes the Shares from their holding, and places the Shares into the control account (to reconcile to the Shares being placed onto the target register). A confirmation is then sent to the target registrar, who debits their control account (that reconciles to the home register) and either, depending on the removal direction, issues in the name of the shareholder a) a certificate (Hong Kong), b) creates an issuer sponsored holding (Australia) or c) initiates the process to deposit the shares into the Central Securities Depository (CHESS or CCASS); and
- Both the Australian principal and Hong Kong branch share registers will be on Computershare's single registry platform they are reconciled automatically and the issue capital balances both within and across the two registers.

Typically, the shunting process takes between three to six business days. The period of time required to shunt Shares between the Australian Share Registry and the Hong Kong Share Registrar may vary and there is no certainty of when shunted Shares will be available for trading or settlement.

Processing fees for the shunting of shares are payable by Shareholders.

UNDERWRITING

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited
CMB International Capital Limited
BOCI Asia Limited
Citigroup Global Markets Asia Limited
CCB International Capital Limited
China Everbright Securities (HK) Limited
Cinda International Securities Limited
Haitong International Securities Company Limited
Zhongtai International Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 5,944,200 Hong Kong Offer Shares and the International Offering of initially 53,497,700 International Offer Shares, subject, in each case, to reallocation on the basis as described in “*Structure of the Global Offering*” and to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 23 November 2018. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and the Australian Entitlement Offer on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in their absolute discretion

may, by giving a written notice to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect:

- (a) there develops, occurs, exists or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent Authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Singapore or Australia (the “**Relevant Jurisdictions**” and each a “**Relevant Jurisdiction**”); or
 - (ii) any change or development involving a prospective change, or any event or circumstances or series of events resulting in or likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including conditions in the stock and bond markets, money and foreign exchange markets, the inter-bank markets, credit markets), in or affecting any Relevant Jurisdiction; or
 - (iii) any event, or series of events, in the nature of force majeure (including any acts of government, declaration of a national or international emergency, calamity, crisis, epidemic, pandemic, large scale outbreaks of diseases (including Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9 and such related/mutated forms) or prolonged interruption or delay in transportation, economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)), in or affecting any Relevant Jurisdiction; or
 - (iv) the imposition of any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the ASX, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
 - (v) the imposition of any general moratorium on commercial banking activities in or affecting any Relevant Jurisdiction, or any disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any Relevant Jurisdiction; or
 - (vi) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
 - (vii) any change or development involving a prospective change or amendment in or affecting Taxation or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar, United States dollar, Australian dollar or the Renminbi against any foreign currencies or a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in any Relevant Jurisdiction or affecting an investment in the Offer Shares; or
 - (viii) any adverse change or development or likely to be any prospective adverse change or development in the assets, liabilities, general affairs, business, management, prospects, shareholders’ equity, profits, losses, earnings, results of operations, financial or trading position or condition or performance of the Group as a whole; or

- (ix) a Director or a member of senior management of the Company being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political or regulatory body of any investigation or other action against any Director or senior management in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or
- (x) the chairman of the Board, the chief executive officer of the Company, the chief financial officer of the Company, any other Directors or any other member of senior management of the Company vacating his or her office (other than by reason of death, incapacity or serious illness); or
- (xi) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xii) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus, any Application Forms or other documents in connection with the offer and sale of the Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or
- (xiii) an authority or a political body or organisation commencing any investigation or other action, or announcing an intention to commence investigation or take other action, against any Director, the chief executive officer of the Company, the chief financial officer of the Company or any member of the Group; or
- (xiv) any litigation, dispute, legal action, arbitration, proceeding or claim being threatened or instigated against the Company, any Director or any member of the Group; or
- (xv) a contravention by the Company, any member of the Group or any Director of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or applicable laws and regulations; or
- (xvi) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations; or
- (xvii) any breach of the ASX Listing Rules or other Australian securities legislation or regulations by the Company or the Directors; or
- (xviii) any investigation of the Group by ASIC or any Australian securities regulators or any circumstances which may result in an investigation of the Group being carried out; or
- (xix) any suspension of trading of the Company's shares on the ASX which is not in connection with the pending publication of an announcement or other documents relating to the Global Offering or the Australian Entitlement Offer; or
- (xx) Yanzhou ceasing to hold at least 50% of the issued share capital of the Company; or
- (xxi) any change or prospective change or development in, or a materialisation of, any of the risks set out in "*Risk Factors*"; or
- (xxii) any order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager

over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

- (xxiii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters): (1) has or will or may have a material adverse effect on the assets, liabilities, business, management, general affairs, shareholders' equity, profits, losses, prospects, results of operations, financial or trading position or condition of the Group as a whole; (2) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; (3) makes or will make or may make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to be implemented or proceed as envisaged or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents; (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) or the International Underwriting Agreement incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or (5) there has come to the notice of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters): (i) any breach of, or any matter, event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or (ii) that any statement contained in any of the Offering Documents and/or in any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to this Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable grounds or reasonable assumptions; or

- (b) there has come to the notice of the Joint Global Coordinators:

- (i) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or material misstatement in, any of the Offering Documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (ii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers or the Underwriters); or
- (iii) any event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by it under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (iv) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering and the Australian Entitlement Offer is refused or not granted, other than subject to customary conditions,

on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

- (v) any person (other than any of the Joint Sponsors) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (vi) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering and the Australian Entitlement Offer or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules and a waiver from strict compliance with Rule 10.07 of the Listing Rules granted by the Stock Exchange, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, except pursuant to (a) any lending of Shares pursuant to the Stock Borrowing Agreement or (b) the Global Offering, it will not and will procure that the relevant registered holder(s) will not:

- (i) in the period commencing on the date by reference to which disclosure of its holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and
- (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of the Company, in each case, save as:
 - (A) permitted under the Listing Rules;
 - (B) to accept a takeover bid that has been made for 100% (or some lesser percentage, in the event of a proportional takeover bid) of the Shares in the Company and in circumstances where at least 50% of the Shares held by non-locked up Shareholders that are the subject of the takeover bid have also accepted that takeover bid, provided that if the takeover bid is a conditional takeover bid and does not become unconditional, then the Shares which had been accepted into the takeover bid will not be released from the restrictions and undertakings referred to above; or
 - (C) to have the Controlling Shareholders' Shares in the Company acquired by a bidder following a scheme of arrangement in relation to the Company.

See "Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance" for details.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, within the period commencing on the date by reference to which disclosure of its holding of Shares is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will and will procure that the relevant registered holder(s) will:

- (1) when it pledges or charges any Shares beneficially owned by him/her/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and
- (2) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

Undertakings by the Company Pursuant to the Hong Kong Underwriting Agreement

Except for (a) the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option), (b) the issue of Shares pursuant to the Australian Entitlement Offer and (c) any grants made pursuant to the Equity Incentive Plan adopted by the Company, the Company has undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters not to, without the prior written consent of the Joint Sponsors and Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the date falling six months after the Listing Date (the “First Six-Month Period”):

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of the Company, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or other securities of the Company, or in cash or otherwise, and whether or not the allotment or issue of Shares or such other securities will be completed within the First Six-Month Period. In the event that, during the period of six months immediately following the First Six-Month Period (the “Second Six-Month Period”), the Company enters into any such transactions or offers or agrees to, or announces, any intention to effect any such transaction, the Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of the Company.

Hong Kong Underwriters’ Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See “*Structure of the Global Offering – The International Offering*”.

Over-allotment Option

The Company is expected to grant to the Stabilising Manager or its affiliate the Overallotment Option, exercisable at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 8,916,200 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any. See “*Structure of the Global Offering – Over-allotment Option*”.

Commissions and Expenses

The Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK\$24.66 per Offer Share (which is the mid-point of the Offer Price Range) and the exercise of the Over-allotment Option in full) will be approximately HK\$42.1 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$220 million (assuming an Offer Price of HK\$24.66 per Offer Share (which is the mid-point of the Offer Price Range) and the exercise of the Over-allotment Option in full) and will be paid by the Company.

Indemnity

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by them of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in “Structure of the Global Offering”. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager (or any person acting for it), may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager (or any person acting for it) to conduct any such stabilising action. Such stabilising action, if taken, (a) will be conducted at the absolute discretion of the Stabilising Manager (or any person acting for it) and in what the Stabilising Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on Saturday, 29 December 2018, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- (f) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

ASIC has issued a no-action letter in respect of any potential breaches of the following sections of the Australia Corporations Act arising from stabilisation activities conducted in accordance with all relevant applicable laws and regulatory requirements in Hong Kong and as described above: (i) section 1041A (market manipulation); and (ii) section 1041B-1041C (market rigging), subject to specified conditions being followed by the Stabilising Manager which includes a condition (the Daily Disclosure Requirement) requiring that on each day before trading on ASX commences, the Stabilisation Manager must notify ASX for publication on ASX's market announcement platform:

- (a) the number of Shares purchased by the Stabilisation Manager on the previous trading day under the market stabilisation; and
- (b) its determination of the lowest price payable for Shares by institutions under the Offer (ie the Offer Price) adjusted for the prevailing AUD:HKD exchange rate for that day (being the Offer Price for each Share in Hong Kong dollars converted into Australian dollars at the prevailing exchange rate for that day).

The Daily Disclosure Requirement is not an obligation contained in the Securities and Futures (Price Stabilizing) Rules of the SFO and may have the effect of reducing the ability of market stabilisation to retard downward movements in the trading price of Shares.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or its affiliate or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilising Manager (or its affiliate or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the Stock Borrowing Agreement as detailed below or a combination of these means.

APPENDIX IIC PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

The following is the pro forma consolidated statement of financial position of the Group as at 30 June 2018 (“Pro Forma Financial Position”). It has been prepared to reflect the impact of the net proceeds from the Hong Kong IPO and the Australian Entitlement Offer (the “Capital Raising”).

The Pro Forma Financial Position of the Group has been prepared in accordance with the recognition and measurement principles prescribed by International Financial Reporting Standards. It has been prepared in an abbreviated form insofar as it does not include all of the disclosures required by International Financial Reporting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The Pro Forma Financial Position of the Group has not been audited but has been reviewed by ShineWing Australia in accordance with International Auditing Standards applicable to review engagements.

The Pro Forma Financial Position of the Group is prepared based on the consolidated statement of financial position of the Group as at 30 June 2018 as set out in the Accountants’ Report of the Company, the text of which is set out in Appendix IA to this prospectus.

The pro forma adjustments have been prepared using a A\$:US\$ exchange rate of A\$1 = US\$0.73.

The following information should be read together with the other information contained in this prospectus, including the risks in risk factors section, to understand the basis, assumptions and limitations underlying the financial information presented.

	The Group as at 30 June 2018	Pro forma adjustment for the net proceeds from the Capital Raising	Pro Forma Financial Position of the Group as at 30 June 2018
	<i>A\$'M (Note 1)</i>	<i>A\$'M (Note 2)</i>	<i>A\$'M</i>
Current assets			
Cash and cash equivalents	485	216	701
Trade and other receivables	561	-	561
Royalty receivable	28	-	28
Non-contingent royalty receivable	205	-	205
Other current assets	16	-	16
	<u>1,313</u>	<u>216</u>	<u>1,529</u>
Assets classified as held for sale	57	-	57
	<u>1,370</u>	<u>216</u>	<u>1,586</u>
Non-current assets			
Mining tenements	4,308	-	4,308
Exploration and evaluation assets	577	-	577
Intangible assets	98	-	98
Property, plant and equipment	2,938	-	2,938
Investments accounted for using the equity method	280	-	280
Trade and other receivables	348	-	348
Interest bearing loan to an associate	730	-	730
Royalty receivable	170	-	170
Non-contingent royalty receivable	7	-	7
Deferred tax assets	1,086	8	1,094
Other non-current assets	2	-	2
	<u>10,544</u>	<u>8</u>	<u>10,552</u>
Total assets	<u>11,914</u>	<u>224</u>	<u>12,138</u>
Current liabilities			
Trade and other payables	783	-	783
Interest-bearing liabilities	17	-	17
Provisions	42	-	42
Non-contingent royalty payable	64	-	64
	<u>906</u>	<u>-</u>	<u>906</u>
Non-current liabilities			
Interest-bearing liabilities	4,267	-	4,267
Deferred tax liabilities	990	-	990
Provisions	460	-	460
Non-contingent royalty payable	24	-	24
Other non-current liabilities	2	-	2
	<u>5,743</u>	<u>-</u>	<u>5,743</u>

	The Group as at 30 June 2018	Pro forma adjustment for the net proceeds from the Capital Raising	Pro Forma Financial Position of the Group as at 30 June 2018
	<i>A\$'M</i> (Note 1)	<i>A\$'M</i> (Note 2)	<i>A\$'M</i>
Total liabilities	<u>6,649</u>	<u>-</u>	<u>6,649</u>
Net assets	<u>5,265</u>	<u>224</u>	<u>5,489</u>
Equity			
Contributed equity	6,220	238	6,458
Reserves	(554)	-	(554)
Accumulated losses	(403)	(14)	(417)
Equity attributable to equity holders of the Company	5,263	224	5,487
Non-controlling interests	2	-	2
Total equity	<u>5,265</u>	<u>224</u>	<u>5,489</u>

Notes:

(1) The audited consolidated statement of financial position of the Group as at 30 June 2018 is extracted from the Accountants' Report of the Group as set out in Appendix IA to this Prospectus.

(2) **The Capital Raising**

The Pro Forma Financial Position as at 30 June 2018 includes the following pro forma adjustments as if the Capital Raising had been completed on 30 June 2018.

- An increase in cash and cash equivalents and contributed equity of A\$243 million representing the proceeds of the Capital Raising. This assumes the low point of the potential high-low range of the Capital Raising and does not include any over-allotment. The high amount would be A\$268 million excluding any over-allotment.
- A decrease in cash and cash equivalents and contributed equity of A\$7 million representing transaction costs of the Capital Raising to be capitalised against contributed equity. This assumes the low point of the potential high-low range of the Capital Raising and does not include any over-allotment. The transaction costs capitalised against contributed equity under the high amount would increase to A\$8 million excluding any over-allotment.
- A decrease in cash and cash equivalents and an increase in accumulated losses of A\$20 million representing transaction costs of the Capital Raising expensed to the statement of profit and loss not recognised at 30 June 2018. A\$10 million of transaction costs of the Capital Raising costs were expensed for the period ended 30 June 2018.
- An increase in deferred tax assets of A\$8 million, an increase in contributed equity of A\$2 million and a decrease in accumulated losses of A\$6 million representing the tax effect of the A\$7 million and A\$20 million transaction costs capitalised and expensed, respectively.

APPENDIX IX DEFINITIONS AND GLOSSARY

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“100% basis”	the aggregate Coal Resources, Coal Reserves or coal production from our mines, Middlemount and the Watagan Mines, without taking into account our effective ownership interest therein
“A\$ or Australian dollars”	Australian dollars, the lawful currency of Australia
“APCT”	Abbot Point Coal Terminal
“Application Form(s)”	the WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them, that are used in connection with the Hong Kong Public Offering
“ASIC”	Australian Securities and Investments Commission
“ASX”	ASX Limited and the financial market operated by it named Australian Securities Exchange.
“ASX Listing Rules”	the Listing Rules of the ASX
“attributable basis”	the percentage interest attributable to our ownership, whether contractually or otherwise, in the aggregate JORC Coal Resources or JORC Coal Reserves in, or production from, our mines
“Australia Corporations Act”	the Corporations Act 2001 (Cth) of Australia, as amended or supplemented from time to time
“Australia Foreign Acquisitions and Takeovers Act”	the Foreign Acquisitions and Takeovers Act 1975 of Australia, as amended or supplemented from time to time
“Australian Entitlement Offer”	the accelerated renounceable entitlement offer being undertaken by the Company at or around the time of the Global Offering
“Australian Share Registry”	Computershare Investor Services Pty Limited
“BHP”	BHP Billiton Limited
“BLCP”	BLCP Power Limited
“Board” or “Board of Directors”	the board of directors of the Company
“BOCIF”	BOCI Financial Products Limited, one of the Watagan Bondholders
“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
“C&A”	Coal & Allied Industries Limited

“C&A Acquisition”	our acquisition of 100% of the equity interest in C&A from Rio Tinto, which was completed on 1 September 2017
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Account”	a securities account maintained by a CCASS Participant with CCASS
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Centennial Coal”	Centennial Coal Company Limited
“CHESS”	Clearing House Electronic Subregister System for security transfers on the ASX
“Cinda”	Cinda International HGB Investment (UK) Limited
“Coal Reserve”	as defined in the JORC Code, i.e. the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified
“Coal Resource”	as defined in the JORC Code, i.e. a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time

“Company”	Yancoal Australia Ltd, a company incorporated under the laws of Australia with limited liability on 18 November 2004
“Competent Person”	has the meaning ascribed to it under Chapter 18 of the Listing Rules
“Competent Person’s Report”	the report prepared and/or supervised by the Competent Persons in compliance with Chapter 18 of the Listing Rules, the text of which is set out in “ <i>Appendix III – Competent Person’s Report</i> ”
“Constitution”	the constitution of the Company (as amended from time to time), as adopted by a resolution of the Shareholders on 26 June 2012 and last amended on 30 May 2014, a summary of which is set out in “ <i>Appendix V – Summary of the Constitution of the Company and the Australia Corporations Act</i> ”
“Controlling Shareholders”	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to Yanzhou and Yankuang
“CSIL”	China Shandong Investment Limited, a wholly owned subsidiary of Shandong Lucion Investment Holdings Group Co., Ltd
“Director(s)”	the director(s) of the Company
“FOB”	free on board
“FY” or “financial year”	financial year ended or ending 31 December
“Glencore”	Glencore Coal Pty Ltd
“Glencore Transaction”	the sale by the Company of a 16.6% interest in HVO to Glencore, which was completed on 4 May 2018, resulting in the 51:49 HVO JV between us and Glencore
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “we”, “our” or “us”	unless otherwise indicated, the Company, its consolidated subsidiaries and the Company’s interests in associates, joint ventures and joint operations
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC, in its capacity as nominee for HKSCC (or any successor thereto) as operator of CCASS and any successor, replacement or assign of HKSCC Nominees Limited as nominee for the operator of CCASS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 5,944,200 Shares initially being offered by the Company pursuant to the Hong Kong Public Offering (subject to reallocation as described in “ <i>Structure of the Global Offering</i> ”)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in “ <i>Structure of the Global Offering</i> ”
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters listed in “Underwriting – Hong Kong Underwriters”, being the underwriters of the Hong Kong Public Offering “Hong Kong Underwriting Agreement” the underwriting agreement dated 23 November 2018 relating to the Hong Kong Public Offering entered into among the Company, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters, as further described in “ <i>Underwriting</i> ”
“HVO”	the Hunter Valley Operations
“HVO JV”	the unincorporated HVO joint venture, which owns HVO and in which the Company holds a 51% interest
“HVOR”	HVO Resources Pty Ltd, a wholly owned subsidiary of MDP
“IBC”	Industrial Bank Co., Ltd., one of the Watagan Bondholders
“IFRS”	International Financial Reporting Standards
“independent third party”	any party who is not connected (within the meaning of the Listing Rules) with the Company, so far as the Directors are aware after having made reasonable enquiries
“Indicated Coal Resource”	as defined in the JORC Code, i.e. that part of a Coal Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
“Inferred Coal Resources”	as defined in the JORC Code, i.e. that part of a Coal Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability
“International Offer Shares”	the 53,497,700 Shares initially being offered by the Company pursuant to the International Offering (subject to reallocation as

described in “*Structure of the Global Offering*”) together with, where relevant, up to an additional 8,916,200 Shares which may be issued by the Company pursuant to any exercise of the Over-allotment Option

“International Offering”	the offer of the International Offer Shares (a) in the United States solely to QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (b) outside the United States in offshore transactions in reliance on Regulation S, for subscription or purchase (as the case may be) at the Offer Price, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in “ <i>Structure of the Global Offering</i> ”
“International Underwriters”	the underwriters named in the International Underwriting Agreement, being the underwriters of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering to be entered into among the Company, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date, as further described in “ <i>Underwriting</i> ”
“Joint Bookrunners”	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering), Morgan Stanley & Co. International plc (in relation to the International Offering), CMB International Capital Limited and BOCI Asia Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), CCB International Capital Limited, China Everbright Securities (HK) Limited, Cinda International Securities Limited, Haitong International Securities Company Limited and Zhongtai International Securities Limited
“Joint Global Coordinators”	Morgan Stanley Asia Limited, CMB International Capital Limited, BOCI Asia Limited and Citigroup Global Markets Asia Limited
“Joint Lead Managers”	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering), Morgan Stanley & Co. International plc (in relation to the International Offering), CMB International Capital Limited, BOCI Asia Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), CCB International Capital Limited, China Everbright Securities (HK) Limited, Cinda International Securities Limited, Haitong International Securities Company Limited and Zhongtai International Securities Limited
“Joint Policy Statement”	the Joint Policy Statement regarding the listing of overseas companies issued by the Stock Exchange and the SFC on 27 September 2013 and amended on 30 April 2018
“Joint Sponsors”	Morgan Stanley Asia Limited, CMB International Capital Limited and BOCI Asia Limited
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition, which is used to determine resources and reserves, and is published by

	Joint Coal Reserves Committee on behalf of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia
“JVMC”	the joint venture management committee through which the Group and Glencore jointly control the HVO JV
“Latest Practicable Date”	18 November 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Thursday, 6 December 2018, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
“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
“Maximum Offer Price”	HK\$25.84 per Offer Share, being the maximum subscription price in the Offer Price Range
“MDP”	Mitsubishi Development Pty Ltd
“Measured Coal Resource”	as defined in the JORC Code, i.e. that part of a Coal Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
“Middlemount”	the Middlemount mine
“Middlemount JV”	Middlemount Coal Pty Ltd, a joint venture entity in which the Company holds a 49.9997% interest
“Minimum Offer Price”	HK\$23.48 per Offer Share, being the minimum subscription price in the Offer Price Range
“Moolarben”	the Moolarben mine
“Moolarben Acquisition”	the Company’s planned acquisition of an additional 4% interest in the Moolarben JV
“Moolarben JV”	the unincorporated Moolarben joint venture, which owns Moolarben and in which the Company holds an 81% interest
“Mount Thorley”	the Mount Thorley mine, which is operationally integrated with the Warkworth mine to form MTW

“Mount Thorley JV”	the unincorporated Mount Thorley joint venture, which owns Mount Thorley and in which the Company holds an 80% interest
“Mt”	million tonnes
“Mtpa”	million tonnes per annum
“MTW”	the Mount Thorley Warkworth Operations
“NCIG”	Newcastle Coal Infrastructure Group Pty Ltd, or where the context requires, Newcastle Coal Infrastructure Group coal export terminal, in which the Company holds a 27.0% interest as an associate
“New Hope”	New Hope Corporation Limited
“NSW”	New South Wales, Australia
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$25.84 and expected to be not less than HK\$23.48, such price to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on or before the Price Determination Date
“Offer Price Range”	HK\$23.48 to HK\$25.84 per Offer Share “Offer Shares” the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional Shares which may be issued by the Company pursuant to any exercise of the Overallotment Option
“Over-allotment Option”	the option expected to be granted by the Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Stabilising manager (or its affiliate or any party acting for it), pursuant to which the Company may be required to issue up to an additional 8,916,200 Shares (representing not more than approximately 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any, as further described in “ <i>Structure of the Global Offering</i> ”
“Peabody Energy”	Peabody Energy Australia Pty Ltd
“PWCS”	Port Waratah Coal Services Pty Ltd, or where the context requires, the Port Waratah Coal Services coal export terminal, in which the Company holds a 30.0% interest as an associate.
“PRC or China”	the People’s Republic of China, but for the purposes of this prospectus only, except where the context requires, references in this prospectus to PRC or China exclude Hong Kong, Macau and Taiwan

“Price Determination Date”	the date, expected to be on or about Thursday, 29 November 2018, on which the Offer Price will be determined and, in any event, not later than Wednesday, 5 December 2018
“Pro Forma Transactions”	the C&A Acquisition, Glencore Transaction and Warkworth Transaction.
“PWCS”	Port Waratah Coal Services Pty Ltd, or where the context requires, the Port Waratah Coal Services coal export terminal, in which the Company holds a 30.0% interest as an associate
“QIB”	a qualified institutional buyer within the meaning of the Rule 144A
“QLD”	Queensland, Australia
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Persons”	the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters, the Controlling Shareholders, any of their or the Company’s respective directors, officers, agents, or representatives or advisers or any other person involved in the Global Offering
“RGTCT”	RG Tanna Coal Terminal
“Rio Tinto”	Rio Tinto Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SCNs”	Subordinated capital notes issued by Yancoal SCN in December 2014 in the amount of A\$2.3 billion and redeemed in full on 31 January 2018
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares in the share capital of the Company
“Stabilising Manager”	Morgan Stanley Asia Limited
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilising Manager (or its affiliate) and Yanzhou
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Syndicated Facility”	a secured loan facility with a maximum credit limit of US\$2,900 million that the Company obtained in 2009 with a syndicate of banks, including Bank of China Limited, Sydney Branch, China

	Development Bank Limited, Hong Kong Branch, and China Construction Bank Limited, Hong Kong Branch
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“tonnes”	metric tonne or 1,000 kilograms
“Track Record Period”	the three years ended 31 December 2017 and the six months ended 30 June 2018
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“UNE”	United NSW Energy Limited, one of the Watagan Bondholders
“U.S. or United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US\$” or “US dollars”	Dollars, the lawful currency of the U.S.
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“Warkworth”	the Warkworth mine, which is operationally integrated with the Mount Thorley mine to form MTW
“Warkworth JV”	the unincorporated Warkworth joint venture, which owns Warkworth and in which the Company holds a 55.574% interest
“Warkworth Transaction”	the Company’s acquisition of an additional 28.9% interest in the unincorporated Warkworth JV from MDP, which was completed on 7 March 2018
“Watagan”	Watagan Mining Company Pty Ltd, a company with limited liability incorporated under the laws of New South Wales, Australia on 14 December 2015 and a wholly-owned subsidiary of the Company
“Watagan Agreements”	agreements entered into among Watagan, the Company and the Watagan Bondholders in connection with the issuance of the Watagan Bonds
“Watagan Board”	the board of directors of Watagan
“Watagan Bondholders” or “Bondholders”	IBC, BOCIF and UNE
“Watagan Bonds”	US\$775 million nine-year secured bonds issued on 31 March 2016 by Watagan to the Watagan Bondholders
“Watagan Group”	Watagan and its subsidiaries
“Watagan Loan”	a loan from the Company to Watagan of A\$1,363 million to fund the purchase of the Ashton, Austar and Donaldson mines in March 2016, bearing interest at the bank bill swap rate on the first day of each interest period plus 7.06% with a maturity date of 1 April 2025

“Watagan Mines”	the Ashton, Austar and Donaldson mines
“ White Form eIPO ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“ White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Whitehaven”	Whitehaven Coal Limited
“WICET”	Wiggins Island Coal Export Terminal Pty Ltd, or where the context requires, the Wiggins Island Coal Export Terminal, in which the Company holds a 9.4% interest as an associate
“Yancoal International”	Yancoal International (Holding) Co., Limited, a company with limited liability incorporated under the laws of Hong Kong on 13 July 2011 and a wholly-owned subsidiary of Yanzhou
“Yancoal SCN”	Yancoal SCN Ltd, a limited liability company incorporated under the laws of Australia on 13 November 2014 and a wholly-owned subsidiary of the Company
“Yankuang”	Yankuang Group Company Limited (兗礦集團有限公司), a company with limited liability reformed and established under the laws of the PRC on 12 March 1996, the controlling shareholder of Yanzhou and the ultimate controlling shareholder of the Company
“Yankuang Group”	Yankuang and its subsidiaries (excluding the Yanzhou Group)
“Yanzhou”	Yanzhou Coal Mining Company Limited (兗州煤業股份有限公司), a joint stock limited company incorporated in the PRC on 25 September 1997, the H shares and A shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively, a subsidiary of Yankuang and a controlling shareholder of the Company
“Yanzhou Group”	Yanzhou and its subsidiaries (excluding the Group)

In this prospectus, unless the context otherwise requires, the terms “**associate**”, “**close associate**”, “**connected person**”, “**core connected person**”, “**connected transaction**”, “**subsidiary**” and “**substantial shareholder**” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, certain amounts denominated in Australian dollars or US dollars have been translated into HK dollars at an exchange rate of A\$1.00 = HK\$5.7405 and US\$1.00 = HK\$7.8295, respectively, and certain amounts denominated in Renminbi have been translated into Australian dollars at an exchange rate of RMB1.00 = A\$0.1966, in each case for illustrative purposes only and such conversions shall not be construed as representations that amounts in Australian dollars or US dollars were or could have been or could be converted into Hong Kong dollars, that amounts in Hong Kong Dollars were or could have been or

could be converted into Australian dollars or US dollars and/or that amounts in Renminbi were or could have been or could be converted into Australian dollars at such rate or any other exchange rates.

Unless otherwise specified, all references to any shareholdings in the Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised and does not take into account any Shares which may be taken up by existing Shareholders of the Company under the Australian Entitlement Offer.

This glossary contains explanations of certain terms used in this prospectus in connection with the Group and its business. The terminologies and their meanings may not correspond to standard industry meanings or usage of those terms.