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Notice date: 3/08/2017

What's this about?

Effective date: 4/08/2017

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<input checked="" type="radio"/> Trading	<input checked="" type="radio"/> Clearing	<input checked="" type="radio"/> Settlement	<input type="radio"/> ALC	<input type="radio"/> ASX NET		
<input checked="" type="radio"/> Operations	<input type="radio"/> Technology	<input type="radio"/> Market Data	<input checked="" type="radio"/> Rules	<input checked="" type="radio"/> Compliance	<input checked="" type="radio"/> Risk	<input type="radio"/> Other

Title

Yancoal Australia Limited ("Yancoal") - ASX Settlement Operating Rule 5.18.2 inclusion of entitlements of Yancoal as "FOR" Financial Products

Description

This Notice contains important information about the eligibility to participate in the Yancoal Pro rata Renounceable Entitlement Offer (with Rights trading) ("Offer") of new Yancoal ordinary shares and should be read carefully by Participants.

The following class of Financial Products has been included in Schedule 1 of the ASX Settlement Operating Rules as a FOR Financial Product effective 4 August 2017.

Issuer	Financial Product	ASX Code
Yancoal Australia Limited	Entitlements – Excluded Investor	YALRA

What do I need to do and by when?

Only "Eligible Persons" (as defined in the attachment to this Notice) are entitled to exercise **Entitlements** (as that term is defined in the Entitlement Offer Booklet to be dispatched to Eligible Persons on Thursday, 10 August 2017), which are scheduled to commence trading under ASX code YALRA on a deferred settlement basis on Friday, 4 August 2017 ("**Yancoal's Financial Products**"). Eligible Persons that purchase Yancoal's Financial Products will need to complete a specific Appendix E – Entitlement and Acceptance Form that can be obtained by calling the Yancoal Offer Information Line on 1300 059 020 (within Australia) and +61 3 9415 4292 (outside Australia) from 9:00am to 5:00pm (Sydney time), Monday to Friday.

Yancoal reserves the right to reject any Appendix E – Entitlement and Acceptance Form that it believes comes from a person who is not an Eligible Person.

Yancoal's Financial Products will trade generally on ASX; however, if Yancoal's Financial Products are purchased in a transaction on ASX by a person that is not an Eligible Person (each, an "**Excluded Investor**"), such Excluded Investors will not be entitled to exercise their right to subscribe for fully paid ordinary shares in Yancoal ("**Shares**") to be issued in the capital of Yancoal under the Offer ("**New Shares**"). Further, any "**Excluded U.S. Investor**", as that term is defined in the attachment to this Bulletin, will not be entitled to acquire, hold or trade any of Yancoal's Financial Products.

Yancoal's Financial Products which are not or are not able to be exercised will be sold through a shortfall bookbuild and any proceeds in excess of the offer price of US\$0.10 (**Premium**) (being the price at which Entitlements are sold under the shortfall bookbuild (net of any applicable withholding taxes)) will be remitted proportionally to holders of those Yancoal's Financial Products at the close of the Offer. The Premium, if any, is expected to be paid on or about Tuesday, 12 September 2017.

In order to ensure that foreign ownership restrictions can be monitored and that Excluded U.S. Investors do not acquire, hold or trade Yancoal's Financial Products and Excluded Investors do not exercise any right to subscribe for New Shares, ASX Settlement has agreed:

- (a) to classify Yancoal's Financial Products as FOR Financial Products under the ASX Settlement Operating Rules and to include Yancoal's Financial Products in Schedule 1 of the ASX Settlement Operating Rules Procedures; and
- (b) to implement certain additional procedures as contemplated in Guidance Note 13 of the ASX Settlement Operating Rules (*Financial Products subject to Foreign Ownership Restrictions*) in relation to Yancoal's Financial Products.

The following conditions apply to Yancoal's Financial Products:

Foreign Person

A "Foreign Person" is an "Excluded Investor" as that term is defined in the attachment to this Bulletin.

Level of Foreign Ownership

The relevant Foreign Person ownership level is zero.

This means that no Excluded Investor, as that term is defined, may exercise any right to subscribe for New Shares for any Yancoal's Financial Products they purchase or hold. Further, no Excluded U.S. Investor, as that term is defined, may acquire, hold or trade Yancoal's Financial Products.

Yancoal, as Issuer of the Financial Products, has agreed to be bound by the additional obligations of an Issuer of FOR Financial Products under Rule 5.18 of the ASX Settlement Operating Rules.

Yancoal's Financial Products are being offered and will be traded on the ASX market in reliance on the safe harbour provisions of Regulation S under the US Securities Act of 1933 as amended. The status of FOR Financial Products under the ASX Operating Rules will be applied to Yancoal's Financial Products.

Where a holder is currently designated as "F" or "M", that person cannot exercise any right to subscribe for New Shares for any of Yancoal's Financial Products they purchase or hold.

Where the holder is currently designated as "F", and wishes to hold Yancoal's Financial Products, but is not an Excluded U.S. Investor, a new holder record should be established for that holder designated as "D" for the purposes of holding Yancoal's Financial Products.

Where a holder is currently designated as "F" or "M", and is an Excluded U.S. Investor, that person cannot acquire, hold or trade any of Yancoal's Financial Products.

Participants should liaise with clients intending to purchase or hold Yancoal's Financial Products and make all necessary enquiries to ensure that those clients who are Excluded Investors are made aware that they cannot exercise any right to subscribe for New Shares and that those clients who are Excluded U.S. Investors are made aware that they cannot acquire, hold or trade any of Yancoal's Financial Products. Failure to do so may result in client loss. Similarly, Participants may be liable for any failure to establish a new Holder Record designated as "D" or effect a change of residency indicator where it is necessary.

Yancoal's Financial Products cannot be acquired or held by an Excluded U.S. Investor in holdings designated as "F" or "M" under any circumstances, as they may be subject to divestment action by Yancoal as set out under the ASX Settlement Operating Rules. Please refer to the attachment for more information and definitions.

[Need more information?](#)

Issued by

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Disclaimer

Notice Attachment

Attachment - Definitions of "Eligible Person", "Excluded Investor" and "Excluded U.S. Investor"

An "**Excluded Investor**" means any person who, as determined by Yancoal at its absolute discretion, is not an Eligible Person, and for the avoidance of doubt includes an Excluded U.S. Investor.

An "**Eligible New Investor**" means any person who, as determined by Yancoal at its absolute discretion, is in:

- **Australia;**
- **New Zealand;**
- **Canada (British Columbia, Ontario or Quebec provinces)** (or is acquiring the Entitlements or New Shares for any person who is in the provinces of British Columbia, Ontario or Quebec), where each relevant person is an "accredited investor" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators;
- **China** (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) (or is acquiring the Entitlements or New Shares for any person who is in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan)), where each relevant person is a "qualified domestic institutional investor" as approved by the relevant PRC regulatory authorities to invest in overseas capital markets;
- **Hong Kong** (or is acquiring the Entitlements or New Shares for any person who is in Hong Kong), where each relevant person is a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;
- **Singapore** (or is acquiring the Entitlements or New Shares for any person who is in Singapore), where each relevant person: (i) is an "institutional investor" or a "relevant person" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA")); (ii) will acquire the Entitlements or New Shares in accordance with applicable provisions of the SFA; and (iii) acknowledges that the offer of the Entitlements and New Shares is subject to the restrictions (including selling restrictions) set out in the SFA;
- **the United Kingdom** (or is acquiring the Entitlements or New Shares for any person who is in the United Kingdom), where each relevant person is: (i) a "qualified investor" within the meaning of Section 86(7) of the United Kingdom Financial Services and Markets Act 2000; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended,

provided that in each case, such person is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such person will be holding Entitlements or New Shares for the account or benefit of a person in the United States).

An "**Eligible Person**" is a person who, as determined by Yancoal at its absolute discretion:

- is an Eligible Shareholder; or
- is an Eligible New Investor.

An "**Eligible Shareholder**" is a person who, as determined by Yancoal at its absolute discretion:

- is a registered holder of a Share as at the Record Date (being 7.00pm (Sydney time) on Monday, 7 August 2017);
- if the holder is a retail investor, has a registered address on the Yancoal share register in Australia or New Zealand;
- if the holder is an institutional or professional investor, is located in Australia, New Zealand, Canada (British Columbia, Ontario or Quebec provinces), China, Hong Kong, Singapore or the United Kingdom and satisfied the definition of "Eligible New Investor" as applicable;

- is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of a person in the United States); and
- other than a shareholder who has a registered address on Yancoal's share register in Australia, is eligible under all applicable laws to receive an offer under the Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification.

An "**Excluded U.S. Investor**" means a holder of Yancoal's Financial Products (or a person who seeks to be entered on the register as a holder of Yancoal's Financial Products) who is in the United States or who is acting for the account or benefit of a person in the United States.

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the district of Columbia.