



Quarterly Report

FOR QUARTER ENDING SEPTEMBER 2017

HIGHLIGHTS

- Quarterly production (equity share) of 6.09 million tonnes saleable coal, up 38 percent on the year prior.
- Quarterly sales volumes (equity share) of 7.15 million tonnes, up 39 percent on the year prior.
- As announced, Yancoal completed its strategic acquisition of Coal & Allied Industries Limited (“Coal & Allied”) from Rio Tinto on 1 September 2017.
- Coal & Allied acquisition included the tier one Hunter Valley Operations and Mount Thorley Warkworth assets, producing thermal and semi-soft coking coals, combining large-scale operations, long-life reserve and resource positions and industry leading cash cost positions.
- Moolarben maintained strong production and development rates across the open cut and underground mines, with installation of the new Moolarben longwall completed on time and on budget, in preparation for an October commissioning.

OPERATIONS

In New South Wales, Yancoal operated the Moolarben, Hunter Valley Operations, Mount Thorley Warkworth and Stratford Duralie open cut mines and managed the underground mines of Austar, Ashton and Donaldson on behalf of Watagan Mining Company Pty Ltd (“Watagan”).

Production from the recently acquired Hunter Valley Operations and Mount Thorley Warkworth assets is attributable from 1 September, following completion of the Coal & Allied acquisition.

In Queensland, Yancoal operated the Yarrabee open cut mine and maintained its near 50 percent equity interest in Middlemount Coal Pty Ltd (“Middlemount”) throughout the reporting period.

PRODUCTION

Operations produced a total 6.09 million tonnes saleable coal (equity share) for the reporting period, up 38 percent on the year prior, due mainly to ongoing growth at the Moolarben complex and the addition of the recently acquired Coal & Allied assets. Total sales volumes (equity share) were 7.15 million tonnes, up 39 percent on the year prior.

Moolarben maintained strong open cut production and underground development extraction rates throughout the reporting period, completing the installation of the new longwall on time and budget in preparation for commissioning in early October.

Moolarben production was up 14 percent on the year prior, driven by continued excellent mining conditions and uninterrupted throughput rates. Moolarben continues to adjust the pacing of its extraction rates in accordance with the complex’s mine plan, to meet its approved production total of 13.5 million tonnes for 2017.

Yancoal assumed operational control of the Mount Thorley Warkworth and Hunter Valley Operations assets on 1 September, maintaining the existing extraction rates and mine plans throughout the reporting period. Yancoal continues to implement its integration strategy and review of both assets, working towards establishing appropriate cost reduction strategies and improved operational efficiencies where required.

Stratford Duralie capitalised on improved mining conditions established in the previous reporting period, with significantly improved strip ratios enabling sustained high extraction rates. Stratford Duralie production was up 13 percent on the year prior, with mining of the economically recoverable resources of the Clarevale pit completed by the end of the reporting period.

In Queensland, Yarrabee open cut production was down 12 percent on the previous year, as the mine continued to adjust for the change in sequencing of its product split, prioritizing PCI coal over thermal to maximise market demands, while working towards ramping up production for the end of the year in accordance with the mine plan.

Production at the Middlemount joint venture was down two percent on the previous year, re-establishing consistent extraction and throughput rates as it recovered from the impacts of poor weather conditions and sustained delays to rail and shipping experienced during the previous reporting period.

Watagan-controlled

Production at the Watagan-controlled Ashton underground was up nine percent on the previous year, with steady longwall production in the new mining area accessed during the previous reporting period.

Production at the Watagan-controlled Austar underground operation was up one percent on the previous year, maintaining production and development extraction rates across the reporting period.

TOTAL PRODUCTION (100% Basis)

	September Qtr		Change	September YTD		Change
	2017	2016		2017	2016	
ASHTON*	338	309	9%	738	842	-12%
AUSTAR*	393	390	1%	1,317	501	163%
DONALDSON*+	-	-	-	-	193	-100%
MOOLARBEN	2,991	2,627	14%	9,108	6,907	32%
YARRABEE	754	857	-12%	2,056	2,162	-5%
STRATFORD DURALIE	259	229	13%	513	691	-26%
MIDDLEMOUNT	997	1,019	-2%	2,744	2,991	-8%
MT THORLEY WARWORTH**	1,169	-	-	1,169	-	-
HUNTER VALLEY**	1,314	-	-	1,314	-	-
TOTAL (100% BASIS)	8,216	5,432	51%	18,958	14,287	33%
TOTAL PRODUCTION - EQUITY BASIS***	6,086	4,423	38%	14,793	11,479	29%

* Controlled by Watagan

** From 1 September only

*** Includes only 51% interest in Hunter Valley Operations ("HVO") on the basis that Glencore will be entitled to a 49% interest in HVO with economic effect from 1 September 2017 on implementation of the Yancoal-Glencore HVO joint venture.

+ Effective from 2 May 2016, the Donaldson coal operation moved to 'care and maintenance'.

SALES VOLUMES (Equity Share)*

	September Qtr		Change	September YTD		Change
	2017	2016		2017	2016	
Metallurgical	2,117	1,933	9%	5,779	5,365	8%
Thermal	5,036	3,227	56%	11,451	7,761	48%
TOTAL EQUITY SHARE	7,153	5,160	39%	17,230	13,126	31%

*Includes external coal purchases and Watagan. Includes only 51% interest in Hunter Valley Operations on the basis that Glencore will be entitled to a 49% interest in HVO with economic effect from 1 September 2017 on implementation of the Yancoal-Glencore HVO joint venture.

Metallurgical Coal sales volumes (equity share) of 2.12 million tonnes, up nine percent on the year prior.

Thermal coal sales volumes (equity share) of 5.04 million tonnes, up 56 percent on the year prior.

Substantial shareholders as at 30 September 2017

Name	Percentage of issued shares
Yanzhou Coal Mining Company	65.46%
Cinda International HGB Investments	16.70%

Number of ordinary shares on issue: 43,959,446,612

CORPORATE INFORMATION

Shareholder Enquiries

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Baocai Zhang	Co-Vice Chairman
Cunliang Lai	Co-Vice Chairman
Xiangqian Wu	Director
Fuqi Wang	Director
Qingchun Zhao	Director
William Randall	Director
Vincent O'Rourke	Director
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