

# Insider Trading Policy

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Yancoal Australia Limited

ACN 111 859 119

Adopted by the Board on 7 October 2018

## 1 Objective

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The purpose of this Policy is to incorporate into Yancoal's policies a prohibition of the types of conduct in dealing in securities that are prohibited under the *Corporations Act 2001* (Cth) (**Corporations Act**). The prohibitions apply to all directors and employees of Yancoal Australia Limited (**Company**) and its related bodies corporate as defined in the Corporations Act (collectively **the Group**).

The Company aims to achieve the highest possible standards of corporate conduct and governance. The Board of directors considers that compliance with this Policy is essential to ensure that the highest standards of conduct are being met by all directors and employees.

Any non-compliance with this Policy will be regarded as serious misconduct which may entitle the Company to take corrective disciplinary action. In addition, there are serious criminal and civil penalties that may result from breach of insider trading laws. These are explained in section 4 below.

This Policy should be read in conjunction with the Company's Share Trading Policy.

## 2 Scope

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- (a) This Policy applies to:
- (i) all directors and officers of the Group (**Directors**) (including the Chair of the Board (**Chair**), Chief Executive Officer (**CEO**), Chief Financial Officer (**CFO**) and Chair of the Executive Committee (**CEC**)); and
  - (ii) all employees and consultants of the Group who, because of his or her office, employment or engagement, including by reason of:
    - (A) working in the Group's Sydney office;
    - (B) being classified as any other "key management personnel" as defined in the Accounting Standards;
    - (C) being a direct report to the CEO, CFO and CEC (senior executives); orare likely to be in possession of inside information in relation to the Company or its securities; or
  - (iii) such other persons as the Company Secretary may notify him or her from time to time (a person listed in paragraphs 2(a)(i), 2(a)(ii) or 2(a)(iii) is referred to as a **Key Person**); or
  - (iv) employees and consultants of the Group who, by virtue of being a participant in any share or option scheme offered by the Company is likely to be in possession of inside information in relation to the Company or its securities
- (In this Policy, a person listed in this section 2(a) is referred to as a **Relevant Person**).
- (b) Where this Policy requires a Relevant Person to comply with certain restrictions and procedures, that Relevant Person must ensure that:

- (i) his or her spouse, partner or other person with whom he or she lives as if he or she were a spouse;
- (ii) his or her children (natural or adopted) and stepchildren aged 18 or younger of him or her or of his or her spouse;
- (iii) any person with whom he or she has an agreement or arrangement:
  - (A) with respect to dealing in the Company's securities; or
  - (B) under which he or she undertook to act together in exercising his or her voting power at general meetings of the Company

(referred to as **Affiliates**);

- (c) a corporation in which he or she controls, or his or her Affiliates are entitled to exercise or controls the exercise of one-third or more of the voting power at general meetings of the corporation or any corporation which is accustomed to acting or whose directors are accustomed to acting in accordance with the directions of him or her, or his or her Affiliates, and any of its subsidiaries
- (d) a trust if:
  - (i) he or she is, or his or her Affiliates are, a beneficiary;
  - (ii) he or she is a founder of a discretionary trust with the ability to exert any influence over the trustee; or
  - (iii) he or she is a trustee, other than a trust of which:
    - (A) he or she is a bare trustee (i.e. a trustee with no powers or duties except to transfer the shares according to the directions of the beneficial owners), or
    - (B) he or she is a co-trustee and has not participated in or influenced the decision to deal in the securities,

and of which neither he or she, nor any of his or her Affiliates, are beneficiaries; and

- (e) such other persons as the Company Secretary may notify him or her from time to time

(collectively referred to as **Related Persons**)

comply with the same restrictions and procedures in the Policy that the Relevant Person is required to comply with in respect of any proposed dealings in the Company's securities.

- (f) To the extent that a director of the Company places investment funds comprising the Company's securities under professional management, discretionary or otherwise, that director is required to ensure that the manager of each such investment fund complies with the same restrictions and procedures in the Policy that the director is required to comply with in respect of any proposed dealings in the Company's securities.
- (g) Relevant Persons are also subject to further restrictions under the Share Trading Policy and you should be aware of your obligations under the Share Trading Policy, which are in addition to those under this Insider Trading Policy.

## 3 Statement

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### 3.1 Do not deal if in possession of inside information

- (a) A Relevant Person:
- (i) must not deal in the Company's securities if:
    - (A) he or she is in possession of 'inside information' in relation to those securities;
    - (B) the Company is in possession of 'inside information' and has notified the Relevant Person that they must not deal in securities (either for a specified period, or until the Company gives further notice); or
    - (C) he or she is otherwise prohibited from dealing in the Company's securities; and
  - (ii) must not deal in the securities of Yanzhou Coal Mining Company Limited (**Yanzhou**) or another listed company if he or she is in possession of 'inside information' in relation to those securities (including by virtue of his or her position as a director of any company);
- (b) The prohibition in paragraph 3.1(a) applies even where a Relevant Person obtains prior approval or provides notification of a trade in accordance with section 4 of this Policy.
- (c) Further guidance as to what constitutes 'inside information' is provided in section 4 of this Policy.

### 3.2 Acceptance of grant of securities

Before accepting any grant of an option, restricted share unit or share appreciation right in respect of the Company's securities, including under an approved share award scheme of the Company, a Key Person must first confirm to the Company that he or she is not in possession of any inside information immediately prior to the time of the grant.

## 4 Application

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### 4.1 Summary of prohibited conduct

- (a) Under the Corporations Act and this Policy, a person must not deal in securities if:
- (i) the person possesses information which is not generally available to the public;
  - (ii) that information may have a material effect on the price or value of securities of the relevant entity; and
  - (iii) the person knows or ought reasonably to know that the information is not generally available and, if it were, it might have a material effect on the price or value of securities.
- (b) In addition, a person with inside information must not procure another person to deal in the Company's securities or communicate the information (directly or indirectly) to another person whom the person believes may deal (or procure someone else to deal) in the Company's securities.
- (c) The key terms are discussed in more detail in section 4.2.

## 4.2 Relevant terms

### (a) Securities

The definition of securities in the Corporations Act and for this Policy is very broad and include:

- (i) ordinary shares;
- (ii) preference shares;
- (iii) options or performance rights;
- (iv) debentures;
- (v) convertible notes; and
- (vi) financial products issued or created over or in respect of securities issued by the Company (for example, warrants and other derivative products), whether or not the financial products are created by the Company or by third parties.

### (b) 'Dealing'

- (i) Dealing in securities is a broad concept and covers more than simply buying or selling securities. It extends to the grant, acceptance, acquisition, disposal, transfer, exercise or discharge of options over securities and entering into agreements to buy or sell securities.
- (ii) Under this Policy and the law, the prohibition on dealing means that a Relevant Person must not:
  - (A) buy or sell; or
  - (B) enter into an agreement to subscribe for, buy or sell securities,where he or she possesses information that is not generally available and that a reasonable person would expect to have a material effect on the price or value of those securities.
- (iii) The Relevant Person is also prohibited from:
  - (A) procuring any other person to deal in those securities; or
  - (B) directly or indirectly communicating the information to another person whom the Relevant Person believes is likely to deal in, or procure another person to deal in, those securities.
- (iv) Procuring means enticing, encouraging, persuading, causing or securing another person to do or not to do something. Procuring also includes inciting, inducing or encouraging an act or omission. For example, a Relevant Person cannot ask or encourage anyone, including family members, friends, associates or others, to deal in securities if the Relevant Person possesses inside information, and that Relevant Person should not communicate the inside information.
- (v) If a Relevant Person accidentally gives somebody inside information when he or she should not have, the Relevant Person must immediately tell that person that it is 'inside

information' and warn them against trading in the Company's securities, getting others to trade in the Company's securities, or communicating the information to others.

**(c) 'Inside' information**

- (i) Information is 'inside information' if it is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect (upwards or downwards) on the price or value of a security.
- (ii) Information is defined broadly in the Corporations Act and the Hong Kong Securities and Futures Ordinance and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions, or likely intentions, of a person.

**(d) Information that is 'generally available'**

Information is generally available if it:

- (i) consists of readily observable matter;
- (ii) has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by the Company and since it was made known, a reasonable period for it to be disseminated among those persons has elapsed. For example, information will be 'generally available' if it has been released to ASX or published in an annual report or prospectus or similar document and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
- (iii) consists of deductions, conclusions or inferences made or drawn from information referred to in paragraph 4.2(d)4.2(d)(i) or information made known as mentioned in paragraph 4.2(d)4.2(d)(ii), or both.

**(e) Information that may have a 'material effect'**

- (i) Under the Corporations Act, information is likely to have a material effect on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.
- (ii) The following types of information would be likely to be considered to have a material effect on the price of the Company's securities:
  - (A) sales figures;
  - (B) profit forecasts;
  - (C) unpublished announcements or knowledge of possible regulatory investigation;
  - (D) liquidity and cashflow;
  - (E) proposed changes in the Company's capital structure, including issues of securities, rights issues and buy backs;
  - (F) borrowings;
  - (G) major asset purchases and sales;

- (H) impending mergers, acquisitions, reconstructions, takeovers, etc;
- (I) significant litigation;
- (J) significant changes in operations;
- (K) significant changes in industry;
- (L) new products, services or technology;
- (M) proposed dividends or dividend policies;
- (N) management restructuring or Board changes; and
- (O) new contracts or customers.

### **4.3 Breach**

- (a) Breaches of the insider trading laws have serious consequences for both the Relevant Person concerned and the Company.
- (b) A person who commits a breach of the insider trading laws could be subject to criminal liability (substantial fines or imprisonment or both may be imposed) or civil liability (substantial fines may be imposed) under Australian law. A person who contravenes or is involved in a contravention of these provisions may also be liable to compensate any person who suffers loss or damage resulting from the conduct. In addition, an actual or suspected breach of the insider trading laws may also give rise to adverse public scrutiny and media comment.
- (c) It is therefore important that Relevant Persons adhere to this Policy, and any other obligations that they have under Australian law in relation to insider trading, at all times.
- (d) Breaches of this Policy are regarded as serious and will be subject to appropriate sanctions, in addition to any civil or criminal liability under Australian law.
- (e) Any person who is suspected of breaching this Policy may be suspended from attending the workplace on full pay pending the outcome of investigations into the alleged breach.
- (f) Any person who is proven to have breached this Policy could face disciplinary action (including forfeiture of securities and/or suspension or termination of employment).

## **5 Responsibilities**

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### **5.1 Securities in other companies**

- (a) While in general Relevant Person are free to deal in securities in other listed companies, the prohibited conduct under the Corporations Act includes dealings not only in the Company's securities but also in those of other listed companies with which the Company may be dealing (including the Group's customers, contractors or business partners) where a Relevant Person possesses 'inside information' in relation to that other company.
- (b) If a Relevant Person is aware of information that is not generally available but which, if it were generally available, a reasonable person would expect to have a material effect on the price or value of a security, the Relevant Person must not deal in the securities of the companies that it affects.

- (c) Relevant Persons may come into possession of 'inside information' where they are directly involved in client relationship management or negotiating contracts. For example, where the Relevant Person is aware that the Group is about to sign a major agreement with another company, the Relevant Person must not buy securities in either the Company or the other company.

## **6 Management**

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### **6.1 Maintenance**

This Policy is maintained and reviewed by the Company Secretary and Group Counsel.

### **6.2 Communication**

This Policy is available on the Yancoal intranet and on the Company's website [www.yancoal.com.au](http://www.yancoal.com.au).

### **6.3 Monitoring**

This Policy will be monitored for compliance by the Company Secretary and the Compliance Team.

### **6.4 Reporting**

Any person who has queries about this Policy should contact the Company Secretary.

Any breaches of this Policy should be referred to the Company Secretary.

## **7 Control**

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### **7.1 Amendments**

Subject to and after receiving Board approval for an amendment, this Policy can only be amended by the Company Secretary, a member of the Compliance Team and Group Counsel.

### **7.2 Approval**

This Policy and any amendment to it must be approved by the Board.

This Policy was approved on 7 October 2018.

### **7.3 Effective Date**

This Policy will be effective from the date that fully paid ordinary shares in the capital of the Company are listed on the Main Board of the Hong Kong Stock Exchange 2018.