



# Quarterly Report

FOR QUARTER ENDING 31 DECEMBER 2017

## HIGHLIGHTS

- Quarterly production (equity share) of 8.65 million tonnes saleable coal, up 92 percent on the year prior; including 3.50 million tonnes, a 78 percent contribution to the year-on-year increase, from a full quarter's production from the Hunter Valley Operations and Mount Thorley Warkworth assets acquired from Rio Tinto on 1 September 2017.
- Quarterly sales volumes (equity share) of 11.31 million tonnes, up 83 percent on the year prior; including 3.45 million tonnes, a 56 percent contribution to the year-on-year increase, from a full quarter's sales from the Hunter Valley Operations and Mount Thorley Warkworth assets.
- Commenced longwall production at the Moolarben underground mine in October 2017, on schedule and in accordance with budget targets.
- Total 2017 production (equity basis) of 23.44 million tonnes, up 47 percent on the year prior; including 4.92 million tonnes, a 31 percent contribution to the year-on-year increase, from the post-acquisition production from the Hunter Valley Operations and Mount Thorley Warkworth assets.

## OPERATIONS

In New South Wales, Yancoal Australia Ltd (“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”).

Attributable production includes only 51 percent interest in Hunter Valley Operations on the basis that Glencore Coal Pty Ltd (“Glencore”) will be entitled to a 49 percent interest with economic effect from 1 September 2017 on implementation of the Yancoal-Glencore Hunter Valley Operations joint venture.

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 8.65 million tonnes saleable coal (equity share) for the reporting period, up 92 percent on the year prior, with the significant increase in production generated by the addition of the newly acquired Hunter Valley Operations joint venture and Mount Thorley Warkworth mines.

Total sales volume (equity share) was 11.31 million tonnes, up 83 percent on the year prior.

The newly acquired open cut mines of Hunter Valley Operations and Mount Thorley Warkworth provided the first full quarter of production results under Yancoal management. Mount Thorley Warkworth production was 2.73 million tonnes and Hunter Valley Operations 3.44 million tonnes for the reporting period.

Moolarben production was up 34 percent on the year prior, achieved via consistently strong open cut production rates throughout the year and the commencement of longwall production in October at the new underground mine, on schedule and on budget.

Stratford Duralie production was down 5 percent on the year prior.

In Queensland, Yarrabee open cut production was in accordance with forecasts, with the operation adjusting product type to capitalise on increasing price opportunities and market demand for PCI coal. Yarrabee production was down 15 percent on the year prior due to reduced yield, washing coal to produce a PCI product for increased revenue, and limited crews and operational activity during the December holiday period.

Production at the Middlemount joint venture was up 1 percent on the previous year, maintaining consistent extraction rates throughout the reporting period.

### **Watagan-controlled**

Production at the Watagan-controlled Ashton underground was up 83 percent on the previous year, with longwall production overcoming challenging mining conditions experienced throughout the reporting period.

Production at the Watagan-controlled Austar underground operation was down 13 percent on the previous year, in accordance with expectations, with the site adjusting mine plans and development extraction rates as it considered potential access to alternative mining areas.

**TOTAL PRODUCTION (100% Basis)**

	December Qtr		Change	December YTD		Change
	2017	2016		2017	2016	
<b>ASHTON*</b>	426	232	83%	1,164	1,074	8%
<b>AUSTAR*</b>	553	637	-13%	1,870	1,138	64%
<b>DONALDSON*+</b>	-	-	-	-	193	-100%
<b>MOOLARBEN</b>	3,272	2,442	34%	12,380	9,349	32%
<b>YARRABEE</b>	794	935	-15%	2,850	3,098	-8%
<b>STRATFORD DURALIE</b>	164	173	-5%	677	864	-22%
<b>MIDDLEMOUNT</b>	1,114	1,101	1%	3,858	4,092	-6%
<b>MT THORLEY WARWORTH</b>	2,726	-	-	3,895	-	-
<b>HUNTER VALLEY OPERATIONS</b>	3,439	-	-	4,753	-	-
<b>TOTAL (100% BASIS)</b>	<b>12,489</b>	<b>5,521</b>	<b>126%</b>	<b>31,447</b>	<b>19,808</b>	<b>59%</b>
<b>TOTAL PRODUCTION - EQUITY BASIS**</b>	<b>8,647</b>	<b>4,506</b>	<b>92%</b>	<b>23,439</b>	<b>15,986</b>	<b>47%</b>

\* Controlled by Watagan

\*\* 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)\***

	December Qtr		Change	December YTD		Change
	2017	2016		2017	2016	
<b>Metallurgical</b>	<b>3,214</b>	<b>2,358</b>	<b>36%</b>	<b>8,993</b>	<b>7,723</b>	<b>16%</b>
<b>Thermal</b>	<b>8,099</b>	<b>3,821</b>	<b>112%</b>	<b>19,550</b>	<b>11,582</b>	<b>69%</b>
<b>TOTAL EQUITY SHARE</b>	<b>11,313</b>	<b>6,179</b>	<b>83%</b>	<b>28,543</b>	<b>19,305</b>	<b>48%</b>

\*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 3.21 million tonnes, up 36 percent on the year prior.

**Thermal coal** sales volumes (equity share) of 8.10 million tonnes, up 112 percent on the year prior.

### Substantial shareholders as at 31 December 2017

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

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

#### CORPORATE INFORMATION

##### Shareholder Enquiries

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##### Directors

Xiyong Li	Chairman
Baocai Zhang	Co-Vice Chairman
Cunliang Lai	Co-Vice Chairman
Xiangqian Wu	Director
Fuqi Wang	Director
Qingchun Zhao	Director
Xing Feng	Director
Vincent O'Rourke	Director
Dr Geoff Raby	Director
Gregory Fletcher	Director
Huaqiao Zhang	Director

##### CEO

Reinhold Schmidt

##### CFO

Lei Zhang

##### Company Secretary

Laura Ling Zhang

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