



Quarterly Report

FOR QUARTER ENDING MARCH 2019

ACHIEVEMENTS – March Quarter 2019

- 17.3Mt ROM coal production in MQ19, up 9% from MQ18.
- 13.0Mt Saleable coal production in MQ19, up 2% from MQ18.
- 8.8Mt Attributable sales volume in MQ19, up 11% from MQ18.

HIGHLIGHTS – March Quarter 2019

- The combined asset base is delivering. The ROM coal production was up from the March quarter last year and in line with the 2018 December quarter. The Attributable saleable coal production achieved in the March quarter was up also and is tracking toward the guided target.
- There was no significant production impact on Yancoal from wet weather in Queensland, and there was no material sales volume impact related to the coal import delays into China during the March quarter.

2019 GUIDANCE – Unchanged

- 35Mt (approx.) of attributable saleable coal production.
- A\$62.50/t FOB operating costs (excl. royalty).
- A\$285 million of sustaining and capital expenditure.

Production and Sales Data

ROM COAL PRODUCTION, Mt	Ownership	MQ	DQ	PP	MQ	PCP	March YTD		
		2019	2018	Change	2018	Change	2019	2018	Change
Moolarben	85%	5.5	3.6	53%	5.2	6%	5.5	5.2	6%
Mount Thorley Warkworth	82.9%	4.6	5.0	(8%)	4.3	7%	4.6	4.3	7%
Hunter Valley Operations	51%	4.4	5.8	(24%)	3.8	16%	4.4	3.8	16%
Yarrabee	100%	0.6	1.4	(57%)	0.3	100%	0.6	0.3	100%
Stratford Duralie	100%	0.1	0.2	(50%)	0.1	-%	0.1	0.1	-%
Middlemount	49.9997%	1.1	1.0	10%	1.1	-%	1.1	1.1	-%
Watagan	100%	1.0	0.3	233%	1.0	-%	1.0	1.0	-%
Total - 100% Basis		17.3	17.3	-%	15.8	9%	17.3	15.8	9%
Total - Attributable		11.5	11.6	(1%)	9.5	21%	11.5	9.5	21%

SALEABLE COAL PRODUCTION, Mt	Ownership	MQ	DQ	PP	MQ	PCP	March YTD		
		2019	2018	Change	2018	Change	2019	2018	Change
Moolarben	85%	4.7	3.2	47%	4.7	-%	4.7	4.7	-%
Mount Thorley Warkworth	82.9%	3.1	3.5	(11%)	3.0	3%	3.1	3.0	3%
Hunter Valley Operations	51%	3.0	3.8	(21%)	2.9	3%	3.0	2.9	3%
Yarrabee	100%	0.7	0.9	(22%)	0.4	75%	0.7	0.4	75%
Stratford Duralie	100%	0.1	0.1	-%	0.1	-%	0.1	0.1	-%
Middlemount	49.9997%	0.8	0.8	-%	1.0	(20%)	0.8	1.0	(20%)
Watagan	100%	0.6	0.1	500%	0.6	-%	0.6	0.6	-%
Total - 100% Basis		13.0	12.4	5%	12.7	2%	13.0	12.7	2%
Total - Attributable		8.8	8.4	5%	7.9	11%	8.8	7.9	11%

SALES VOLUMES (BY SOURCE), Mt	MQ	DQ	PP	MQ	PCP	March YTD		
	2019	2018	Change	2018	Change	2019	2018	Change
Attributable mine production	8.3	8.5	(2%)	7.2	15%	8.3	7.2	15%
Purchased coal volumes	1.1	1.6	(31%)	0.7	57%	1.1	0.7	57%
Total Attributable Coal Sales	9.4	10.1	(7%)	7.9	19%	9.4	7.9	19%

SALES VOLUMES (BY COAL TYPE), Mt	MQ	DQ	PP	MQ	PCP	March YTD		
	2019	2018	Change	2018	Change	2019	2018	Change
Metallurgical	1.6	2.7	(41%)	1.2	33%	1.6	1.2	33%
Thermal	7.8	7.4	5%	6.7	16%	7.8	6.7	16%
Total Attributable Coal Sales	9.4	10.1	(7%)	7.9	19%	9.4	7.9	19%

Notes:

1. Attributable figures do not include production from Middlemount (incorporated joint venture and accounted for as an equity-accounted investment) and Watagan (equity-accounted investment and deconsolidated from Yancoal in March 2016)
2. 2018 attributable figures include 81% attributable production for Moolarben up to and including 30 November 2018, and 85% thereafter. This reflects Yancoal's increased ownership in the Moolarben Joint Venture.

MQ = March Quarter period
DQ = December Quarter period

PP = Previous Period
PCP = Previous Corresponding Period

ROM = Run of Mine; the volume extracted and available to be processed

SAFETY and ENVIRONMENT

Yancoal is committed to operating safely and transparently, employing approximately 3,000 people plus contractors and service providers from local and regional Australia.

The 12-month rolling Total Recordable Injury Frequency Rate¹ ("TRIFR") at the end of the reporting period was 7.12, an improvement from 7.74 at the end of the previous reporting period.

During the quarter Yarrabee reported a non-authorized release of water as a result of heavy rainfall in mid-March 2019 to the Queensland Department of Environment and Science.

OPERATIONAL HIGHLIGHTS

The Moolarben Coal Complex had a stand-out quarter, producing 4.7Mt of saleable coal as the open cut and underground both performed well.

Moolarben leads the Group to better saleable volumes versus the DQ18 and MQ18 periods.

13.0Mt Saleable coal production in MQ18, up 2% pcp, including:

10.8Mt (83%) from the three Tier-1 assets,
8.8Mt attributable, up 11% from the pcp.

9.4Mt Attributable sales volume in MQ19, up 19% pcp, including:

7.8Mt Thermal coal sales volumes (attributable),
1.6Mt Metallurgical coal sales volumes (attributable).

Aiming to replicate the success of 2018.

2019 GUIDANCE

Targets are unchanged from those provided in February 2019.

Increased production:

Approximately 35Mt of Saleable Coal production (attributable²).

Flat costs:

Approximately A\$62.5/t FOB for attributable cash costs.

Controlled expenditure:

Approximately A\$285 million of attributable capital expenditure.

¹ Attributable TRIFR includes Moolarben, Mount Thorley Warkworth, Stratford Duralie, Yarrabee and Corporate; it excludes Middlemount (operated by Peabody Energy), Hunter Valley Operations (operated by Glencore Coal) and Watagan (TRIFR 22.94 for the reporting period).

² Attributable figures do not include output from Middlemount (incorporated joint venture and accounted for as an equity-accounted investment) and Watagan (equity-accounted investment and deconsolidated from Yancoal in March 2016).

Yancoal has growth prospects beyond the 2019 production uplift.

GROWTH PROJECTS

Mount Thorley Warkworth has identified coal that could support an underground operation. The initial concept has a potential production output of 6Mtpa of ROM coal. Studies are underway that underpin a Pre-Feasibility Study due to be submitted to the Board in the first quarter of 2020.

At Moolarben, through further optimisation of the operations, there is the potential to increase ROM production from the current level of 18Mtpa up to 24Mtpa. Yancoal is evaluating this concept and working through the external approval and permit processes; these efforts will continue through 2019.

COAL SALES and PRICING

During the first quarter, Yancoal continued to optimise its split of Thermal coal and Metallurgical coal sales to meet the market demand and maximise price achieved. The average price realised across all the Total Attributable Coal Sales in the March Quarter was A\$133/t³; compared to A\$136/t in December quarter 2018 and \$124/t in March Quarter 2018.

Sales volumes typically exceed the saleable coal production as Yancoal purchases additional tonnages for blending purposes. The purpose is to enhance the overall sales mix and pricing achieved. The attributable sales volumes, including purchased coal, in the March Quarter, was:

7.8Mt Thermal coal sales volumes, 16% up vs pcq

1.6Mt Metallurgical Coal sales volumes, 33% up vs pcq

COAL MARKET OUTLOOK

Yancoal sells to a variety of industrial customers, predominantly within Asia. In 2018 no more than 22% of the sales volume went to a single country.

The company sells high-grade thermal coal priced off the GlobalCOAL 6,000kCal NAR index price, and lower grade volumes at the lower energy level benchmarks. Throughout the March quarter pricing, higher grade coals held up better following the impediments to Australian thermal coal deliveries into China adversely impacting prices of lower quality coals. Yancoal has the

In MQ19 there was no significant impact from China's import restrictions.

³ Realised price for Attributable Ex-Mine Sales (excluding purchased coal sales)

flexibility to reallocate cargoes to alternate buyers, and in the March Quarter, it did not experience a significant impact on sales volumes, despite volatile regional market conditions.

Entering the June Quarter, we note that: Europe has experienced a warm winter, China's thermal coal imports have reduced, and recent gas prices have declined to place pressure on international coal price indices. However, the demand for premium quality thermal coal in Asia remains strong and supply of this coal grade tight, expected to support prices in the medium term.

COAL RESERVES AND RESOURCES⁴

In late March, Yancoal released an announcement updating the Coal Reserves and Resources. At 31 December 2018, on a 100% basis, the Yancoal assets had Measured and Indicated Coal Resources 5.92Bt, providing Recoverable Coal Reserves of 1.76Bt and Marketable Coal Reserves of 1.27Bt. Despite mining depletion, the volumes were mostly unchanged from the prior year due to resource reclassification at Mount Thorley Warkworth and mine plan changes lifting reserves at Moorlaben and Middlemount.

In 2018 Mining depletion was offset. Long life assets underpin the business.

M&I Resources, Mt	2018	2017	Change
Measured	2,640	2,239	18%
Indicated	3,276	3,342	-2%
Total	5,916	5,581	6%

Recoverable Coal Reserves, Mt	2018	2017	Change
Proved	868	862	1%
Probable	895	946	-5%
Total	1,763	1,808	-2%

Marketable Coal Reserves, Mt	2018	2017	Change
Proved	650	632	3%
Probable	615	651	-6%
Total	1,265	1,283	-1%

⁴ The Company reports the Coal Reserves and Coal Resources on 100% terms. Coal Resources include Coal Resources converted to Coal Reserves (i.e. Coal Reserves are not additional to Coal Resources).

ASSET PERFORMANCE

Moolarben

5.5Mt of ROM Coal in MQ19; up 6% over the pcp.

4.7Mt of Saleable Coal in MQ19; steady against the pcp.

The mine, and in particular the open cut has started the year strongly. The longwall began the quarter in a location of low-cover; this slowed the cutting rate, but once it retreated to an area of higher cover the cutting rate improved.

The longwall performed well in February; operating at the target rate of 2,200tph average. It was able to run all month in automated mode with minimal corrections required. A new shearer software program installed in late February further improved the automation performance in March.

Two longwall moves are scheduled in 2019 to step around a dyke in the coal seam, but with the open-cut delivering almost two-thirds of the ROM coal the impact in any given quarter is manageable.

Ownership	Equity contribution ⁵	Attributable contribution	Operated an asset?	Mine type	Coal type
85.0%	85.0%	85.0%	Yes	OC/UG	Thermal

Mount Thorley Warkworth

4.6Mt of ROM Coal in MQ19; up 7% over the pcp.

3.1Mt of Saleable Coal in MQ19; up 3% over the pcp.

The mining schedule has allowed greater utilisation and equipment productivity; this contributed to the higher ROM coal volumes in the March quarter. The higher ROM volume had a positive flow-on effect to the Saleable coal production.

Exploratory works related to the consideration of a potential underground mine at Mount Thorley Warkworth are ongoing.

Ownership	Equity contribution	Attributable contribution	Operated asset?	Mine type	Coal type
82.9%	82.9%	82.9%	Yes	OC	SSCC/Thermal

⁵ 2018 equity share includes 81% for Moolarben up to and including 30 November 2018, and 85% after that, reflecting Yancoal's increased ownership in the Moolarben Joint Venture, as announced on 30 November 2018.

Hunter Valley Operations

4.4Mt of ROM Coal in MQ19; up 16% over the pcp.

3.0Mt of Saleable Coal in MQ19; up 3% over the pcp.

There was a scheduled major maintenance shutdown in February which took the main Coal Handling Preparation Plant (CHPP) out of service for 16 days, but it resumed operations on the planned date. The shutdown and manning levels which impacted equipment utilisation affected output relative to the prior December quarter, but these are not structural issues.

Ownership	Equity contribution	Attributable contribution	Operated asset?	Mine type	Coal type
51.0%	51.0%	51.0%	JV with Glencore	OC	SSCC / Thermal

Yarrabee

0.6Mt of ROM Coal in MQ19; up 100% over the pcp.

0.7Mt of Saleable Coal in MQ19; up 75% over the pcp.

Early in the quarter wet weather impacted the ROM coal production. Time spent processing ROM stocks and volumes of typically low yielding coal influenced the Saleable coal output; this circumstance is not indicative of CHPP feed material through the majority of 2019.

There were some impacts to railed volumes during the quarter due to wet weather and industrial action at the rail providers, but first quarter volumes often track below the other quarters. Yancoal still expects to deliver the full-year targets.

Ownership	Equity contribution	Attributable contribution	Operated asset?	Mine type	Coal type
100.0%	100.0%	100.0%	Yes	OC	PCI/Thermal

Middlemount

1.1Mt of ROM Coal in MQ19; steady against the pcp.

0.8Mt of Saleable Coal in MQ19; down 20% from the pcp.

The wet weather impacted Middlemount during the March quarter. The rain delay compounded some geotechnical (coal seam thinning) and geological (model reconciliation) issues.

Ownership	Equity contribution	Attributable contribution	Operated asset?	Mine type	Coal type
49.9997%	49.9997%	0% (equity accounted)	JV	OC	PCI/Coking

A\$507 million of distributions, is a ~60% payout ratio in 2018.

US\$500 million debt repayment takes the total to US\$1,400 million.

CORPORATE EVENTS

At the Full Year Result, release on 25th February, the company announced a Final dividend (A\$0.1596/share) and Special Dividend (A\$0.1259/share). The \$377 million distribution took the 2018 Full Year distribution to \$507 million; this was a ~60% payout ratio from the Net Profit After Tax. The targeted payout ratio in 2019 is 50% of Net Profit After Tax.

On February 26th the Company completed a debt repayment of US\$500 million and reduced the overall debt position by US\$1,400 million since it acquired the Coal & Allied assets in September 2017.

Number of ordinary shares on issue, as at 31 March 2018: 1,320,439,437.

Shareholders can transfer shares in Yancoal between the Australian and Hong Kong share registers. Any shareholder interested in moving their shares between the two registers should contact Computershare, using the contact details set out below.

The process and fees for moving shares will differ depending on how a shareholder or their broker/participant holds their shares. Typically, the transfer of shares between the Australian and Hong Kong registers takes between three to six business days. Shareholders should not trade their shares until a transfer of shares is completed.

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