



Quarterly Report

FOR QUARTER ENDING JUNE 2018

HIGHLIGHTS

- Quarterly saleable coal production (equity share) of 9.16 million tonnes, up 102% on the year prior.
- Quarterly sales volumes (equity share) of 9.92 million tonnes, up 96% on the year prior.
- Thermal coal sales volumes (equity share) of 7.60 million tonnes, up 130% on the year prior. Metallurgical coal sales volumes (equity share) of 2.32 million tonnes, up 31% on the year prior.
- Moolarben saleable coal production up 33% on the year prior, benefitting from increased rail haulage opportunities.
- Sustained high level extraction rates for both Mount Thorley Warkworth and Hunter Valley Operations throughout the reporting period.
- On 4 May 2018 Yancoal Australia Ltd (“Yancoal”) announced the completion of its 51:49 unincorporated joint venture with Glencore Coal Pty Ltd (“Glencore”) in relation to Hunter Valley Operations (“HVO JV”), as announced 27 July 2017, following satisfaction of all remaining conditions precedent.

OPERATIONS

In New South Wales, Yancoal operated the Moolarben (81% ownership), Hunter Valley Operations (51% ownership), Mount Thorley Warkworth (82.9% ownership) and Stratford Duralie (100% ownership) mines, and managed the underground mines of Austar (100% ownership), Ashton (100% ownership) and Donaldson¹ (100% ownership) on behalf of Watagan Mining Company Pty Ltd (“Watagan”)².

Attributable production includes only 51% interest in Hunter Valley Operations on the basis that Glencore is entitled to a 49% interest with economic effect from 1 September 2017.

In Queensland, Yancoal operated the Yarrabee (100% ownership) open cut mine and maintained its near 50% equity interest in Middlemount Coal Pty Ltd (“Middlemount”) throughout the reporting period.

SALEABLE COAL PRODUCTION³

Operations produced a total 12.70 million tonnes saleable coal, up 129% on the year prior (9.16 million tonnes equity share), maintaining consistently strong extraction and throughput rates at all three tier-one assets throughout the reporting period.

Total sales volume (equity share) was 9.92 million tonnes, up 96% on the year prior.

Moolarben saleable coal production was 4.08 million tonnes for the reporting period, up 33% on the year prior, with the open cut and underground operations maintaining high production rates established in the first quarter of the year, and maximising increased rail availability.

Moolarben remains on track to commence the first scheduled longwall move at its underground mine during the second half of the year.

Mount Thorley Warkworth continued to meet production and throughput targets throughout the reporting period, achieving saleable coal production of 2.99 million tonnes. In April, Mount Thorley Warkworth implemented its second round of fleet roster restructures to improve operational efficiencies.

On 4 May, Yancoal announced the completion of its 51:49 unincorporated joint venture with Glencore in relation to Hunter Valley Operations, as announced 27 July 2017, following satisfaction of all remaining conditions precedent. From the date of completion, the HVO JV is now jointly controlled by Yancoal and Glencore through a Joint-Venture Management Committee (“JVMC”), and managed by an independent management team appointed by the JVMC.

Hunter Valley Operations achieved 3.52 million tonnes saleable coal for the reporting period, maintaining robust production rates throughout the reporting period. The JVMC has subsequently commenced a review of the operations to consider opportunities to improve operational efficiencies and will pursue potential operational synergies identified under the terms of the transaction documents.

Stratford Duralie saleable coal production was in accordance with expectations, as mining activity at the Duralie mine continues to wind down and operational focus moves to the commencement of production of the 1.2 million tonnes

¹ Effective from 2 May 2016, the Donaldson coal operation moved to 'care and maintenance'.

² Watagan Mining Company Pty Ltd is a wholly-owned subsidiary of Yancoal Australia Ltd, controlled by a consortium of financiers consisting of Industrial Bank Co. Ltd, BOCI Financial Products Limited and United NSW Energy Limited.

³ All saleable coal production figures reported on a 100% basis, unless otherwise indicated.

Run of Mine coal (“ROM”) per annum Stratford extension project in the latter half of the year. Stratford Duralie achieved 0.12 million tonnes, down 19% on the year prior.

In Queensland, the Yarrabee open cut continues to meet production forecasts, having overcome wet weather conditions experienced during the previous three-month reporting period, and maintained strong production rates to achieve saleable coal production of 0.77 million tonnes, up 23% on the year prior. Yarrabee continues to adjust product types to capitalise on increasing market demand and pricing opportunities for PCI coal.

The Middlemount joint venture produced 1.06 million tonnes, up 24% on the year prior, benefitting from sustainable production rates and improved weather conditions.

Watagan-controlled

Saleable coal production at the Watagan-controlled Ashton underground was 0.13 million tonnes, down 38% on the previous year, attributable to the completion of a scheduled longwall move, followed by commissioning and ramp up of production for the second half of the year.

Saleable coal production at the Watagan-controlled Austar underground operation was 0.04 million tonnes, down 94% on the previous year as a result of ongoing regulatory action prohibiting longwall mining, following dynamic coal bursts at the longwall face. Austar continues to await a decision from the New South Wales Resources Regulator to enable the recommencement of longwall mining.

TOTAL SALEABLE COAL PRODUCTION (100% Basis)

	June Qtr		Change	June YTD		Change
	2018	2017		2018	2017	
MOOLARBEN	4,080	3,067	33%	8,757	6,117	43%
MT THORLEY WARKWORTH*	2,988	-	-	6,033	-	-
HUNTER VALLEY OPERATIONS	3,520	-	-	6,409	-	-
STRATFORD DURALIE	117	145	-19%	216	255	-15%
YARRABEE	772	625	23%	1,130	1,302	-13%
MIDDLEMOUNT	1,055	853	24%	2,061	1,746	18%
ASHTON**	127	206	-38%	417	400	4%
AUSTAR**	38	642	-94%	371	923	-60%
TOTAL (100% BASIS)	12,697	5,538	129%	25,394	10,743	136%
TOTAL PRODUCTION - EQUITY BASIS***	9,159	4,529	102%	18,134	8,707	108%

* On 7 March 2018, Yancoal announced the completion of its purchase of Mitsubishi Development Pty Ltd’s 28.898% interest in the Warkworth joint venture.

** Controlled by Watagan

*** Equity basis: Moolarben (81%); Mt Thorley Warkworth (82.9%); Hunter Valley Operations (51%); Stratford Duralie (100%); Yarrabee (100%); Middlemount (~50%); Ashton (100%); and Austar (100%).

SALES VOLUMES (Equity Share)*

	June Qtr		Change	June YTD		Change
	2018	2017		2018	2017	
Metallurgical	2,324	1,776	31%	4,572	3,663	25%
Thermal	7,596	3,296	130%	14,563	6,415	127%
TOTAL EQUITY SHARE	9,920	5,072	96%	19,135	10,077	90%

*Includes external coal purchases, Middlemount and Watagan. Equity share: Moolarben (81%); Mt Thorley Warkworth (82.9%); Hunter Valley Operations (51%); Stratford Duralie (100%); Yarrabee (100%); Middlemount (~50%); Ashton (100%); and Austar (100%).

Metallurgical Coal sales volumes (equity share) of 2.32 million tonnes, up 31% on the year prior.

Thermal coal sales volumes (equity share) of 7.60 million tonnes, up 130% on the year prior.

Substantial shareholders as at 30 June 2018

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

Number of ordinary shares on issue: 43,962,462,588

CORPORATE INFORMATION

Shareholder Enquiries

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Fucun Wang	Co-Vice Chairman
Gregory Fletcher	Co-Vice Chairman
Dr Geoffrey Raby	Director
Cunliang Lai	Director
Xiangqian Wu	Director
Qingchun Zhao	Director
Xing Feng	Director
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