



Yancoal Australia Ltd

ACN 111 859 119

兗煤澳大利亞有限公司*

(Incorporated in Victoria, Australia with limited liability)

(Hong Kong stock code: 3668)

(Australian stock code: YAL)

14 September 2023

To the Independent Shareholders

Dear Sir/Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND RELATED PARTY TRANSACTIONS
IN RELATION TO THE COAL SALES TRANSACTIONS**

We have been appointed as the Independent Board Committee for the purposes set out under the section headed “9. Independent Board Committee” in the Letter from the Board to this circular. In particular, we have considered the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales and the Proposed Coal Sales Agreements, and will advise you:

- on whether the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps) and the Proposed Coal Sales Agreements is in the ordinary and usual course of business of the Company, has been entered into on normal commercial terms, and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- of our recommendation in relation to how you should vote on the Resolutions.

We wish to draw your attention to the letter from the Board set out on pages 5 to 16 which are contained in the circular to the Shareholders of the Company dated 14 September 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Opus Capital has been appointed, in accordance with the Hong Kong Listing Rules, as the Independent Financial Adviser to give recommendations to the Independent Board Committee and the Independent Shareholders in respect of the above matters. We also wish to draw your attention to the letter from Opus Capital set out on pages 29 to 45 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Loneragan Edwards has been appointed, in accordance with the ASX Listing Rules, as the Independent Expert to provide a report to the Independent Board Committee and the Independent Shareholders in respect of the above matters. We also wish to draw your attention to the Independent Expert's Report from Loneragan Edwards set out on 46 to 78 of the Circular. Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

Having carefully considered the information set out in the letter from the Board, the terms of the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales, the advantages and disadvantages of the Proposed Coal Sales Agreements and their relative weight in relation to the circumstances of the Company, the opinion of the Independent Financial Adviser in relation thereto and the opinion of the Independent Expert in relation thereto, we are of the opinion that the 2023 Yankuang Energy Framework Agreement For Coal Sales, the 2023 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps) and Proposed Coal Sales Agreements are in the ordinary and usual course of business of the Company, have been entered into on normal and reasonable commercial terms (with a framework established by the Independent Board Committee to ensure the parties dealt with each other at arms' length), and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we therefore unanimously recommend that Shareholders (other than any Excluded Persons as noted in the Voting Exclusion Statement) vote in favour of the Resolutions to be proposed at the EGM to approve the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual cap) and the Proposed Coal Sales Agreements.

None of us have any material personal interests in the outcome of the Resolution.

Each of us intend to vote any Shares which we hold or control in favour of the Resolution.

Yours faithfully,



Mr. Gregory James FLETCHER
*Independent Non-executive
Director*



Dr. Geoffrey William RABY
*Independent Non-executive
Director*



Ms. Helen Jane GILLIES
*Independent Non-executive
Director*