



Quarterly Report

FOR QUARTER ENDING MARCH 2013

HIGHLIGHTS

- Intense rainfall event impacted production at several mines
- Yarrabee and Middlemount Mines had resumed normal production by the end of the quarter
- Moolarben achieves quarterly production record of 1.44Mt saleable coal
- Austar exceeded its development budget in each month of the quarter
- Tasman Extension Project approved by NSW Minister

OVERVIEW

Conditions within the coal industry in Australia and other regions of the world remain challenging with many coal mining companies taking steps to improve the profitability of their businesses and reviewing their ongoing position in the industry. Several companies have taken a decision to sell assets and many of the projects proposed in earlier and better times are being reviewed. Some of these projects have been shelved. In the longer term this period of consolidation and review will generate a healthy industry for the remaining producers.

Yancoal's mines have generally performed well during the first quarter of the year despite above average rainfall and some intense rainfall events at several mines and a longwall move at Austar. The company priority remains on reducing costs and achieving the targets set late in 2012. Solid progress on the targets was made during the March quarter.

SALES (100% BASIS)

SALES 000's t	Coal Type	Mar Qtr 2013	Mar Qtr 2012	Change	YTD Mar 2013	YTD Mar 2012	Change
ASHTON	Metallurgical	300	219	37%	300	219	37%
AUSTAR	Thermal	161	394	-59%	161	394	-59%
	Metallurgical	85	82	2%	85	82	2%
MOOLARBEN	Thermal	1,024	1,301	-21%	1,024	1,301	-21%
YARRABEE	Metallurgical	646	598	8%	646	598	8%
GLOUCESTER BASIN	Metallurgical	200	301	-34%	200	301	-34%
	Thermal	293	415	-29%	293	415	-29%
DONALDSON	Metallurgical	-	55	-100%	-	55	-100%
	Thermal	576	347	66%	576	347	66%
MIDDLEMOUNT	Metallurgical	353	440	-20%	353	440	-20%
	Thermal	-	-	-	-	-	-
TOTAL	Metallurgical	1,583	1,695	-7%	1,583	1,695	-7%
	Thermal	2,054	2,457	-16%	2,054	2,457	-16%
TOTAL EQUITY SHARE	Metallurgical	1,376	1,453	-5%	1,376	1,453	-5%
	Thermal	1,850	2,197	-16%	1,850	2,197	-16%

Note: Production from the Gloucester assets in the March quarter of 2012 is included for comparison purposes. The merger with Gloucester Coal Ltd was implemented on 6 July 2012 (legally effective on 27 June 2012).

Sales from the Gloucester Coal Ltd assets have been included in the above table for completeness. Equity coal sales for the March quarter were 3,226kt, about 12% lower than the March 2012 quarter.

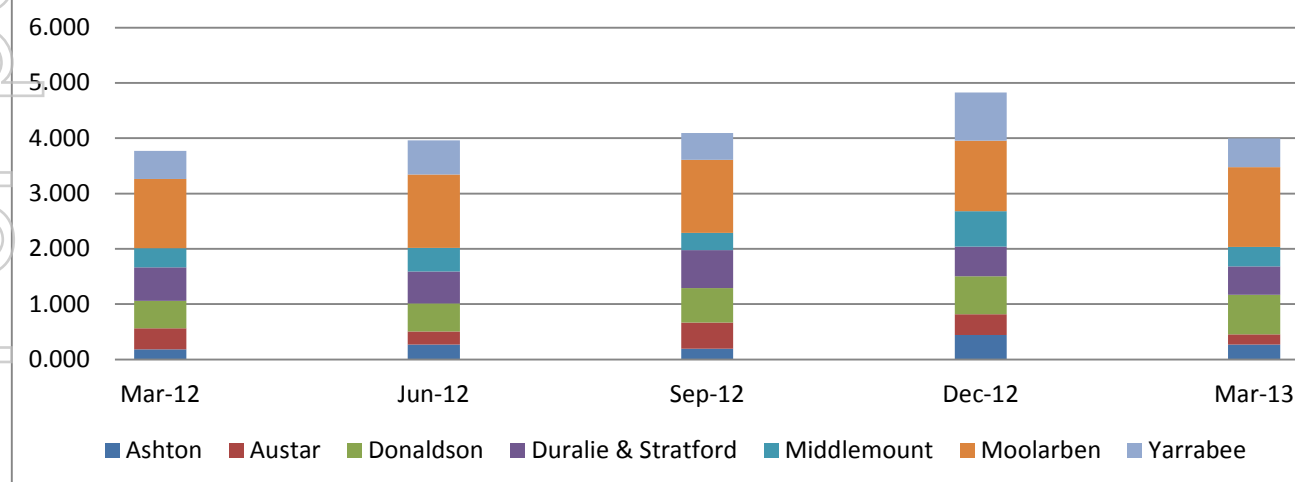
Although the business environment in Japan, Korea, Taiwan and India remains difficult with consequently weak demand for coal from those regions, in the early part of the quarter Chinese demand was firm. This supported a slight increase for thermal coal prices and a sharp increase for spot metallurgical coal prices. However, since February, Chinese demand has weakened and thermal coal prices and spot metallurgical coal prices have declined despite some supply disruption in Australia caused by heavy rain, and supply disruptions in the Atlantic market affecting thermal coal. Both metallurgical and thermal coal markets remain oversupplied and prices are expected to remain under pressure for some time.

PRODUCTION (100% Basis)

			Mar Qtr 2013	Mar Qtr 2012	Change	YTD Mar 2013	YTD Mar 2012	Change
ASHTON	Overburden Removal	kbcm	-	-	-	-	-	-
	ROM Coal Produced	000's t	647	344	88%	647	344	88%
	Saleable Coal Production	000's t	267	181	48%	267	181	48%
AUSTAR	ROM Coal Produced	000's t	237	440	-46%	237	440	-46%
	Saleable Coal Production	000's t	187	381	-51%	187	381	-51%
MOOLARBEN	Overburden Removal	kbcm	3,874	3,923	-1%	3,874	3,923	-1%
	ROM Coal Produced	000's t	1,971	1,993	-1%	1,971	1,993	-1%
	Saleable Coal Production	000's t	1,441	1,255	15%	1,441	1,255	15%
YARRABEE	Overburden Removal	kbcm	9,177	7,877	16%	9,177	7,877	16%
	ROM Coal Produced	000's t	679	479	42%	679	479	42%
	Saleable Coal Production	000's t	522	505	3%	522	505	3%
STRATFORD & DURALIE	Overburden Removal	kbcm	3,213	3,527	-9%	3,213	3,527	-9%
	ROM Coal Produced	000's t	819	1,006	-19%	819	1,006	-19%
	Saleable Coal Production	000's t	512	606	-16%	512	606	-16%
DONALDSON	Overburden Removal	kbcm	153	753	-80%	153	753	-80%
	ROM Coal Produced	000's t	1,067	667	60%	1,067	667	60%
	Saleable Coal Production	000's t	716	497	44%	716	497	44%
MIDDLEMOUNT	Overburden Removal	kbcm	5,452	5,210	5%	5,452	5,210	5%
	ROM Coal Produced	000's t	508	418	21%	508	418	21%
	Saleable Coal Production	000's t	350	346	1%	350	346	1%
TOTAL	ROM Coal Produced	000's t	5,927	5,346	11%	5,927	5,346	11%
	Saleable Coal Production	000's t	3,995	3,770	6%	3,995	3,770	6%
TOTAL EQUITY SHARE	ROM Coal Produced	000's t	5,215	4,704	11%	5,215	4,704	11%
	Saleable Coal Production	000's t	3,505	3,328	5%	3,505	3,328	5%

Note: Production from the Gloucester assets in the March quarter of 2012 is included for comparison purposes. The merger with Gloucester Coal Ltd was implemented on 6 July 2012 (legally effective on 27 June 2012).

Yancoal Quarterly Saleable Production (100%, Mt)



Ashton Mine (Yancoal 90%)

ROM coal production from the Ashton Mine was 647kt for the quarter. This was less than expected as the longwall retreat was impacted by thinning in the Upper Liddell seam and a hard conglomerate section in the roof of the panel. With the cutting height reduced as much as possible the longwall is cutting stone in both the roof and floor of the panel leading to slow mining progress and excessive wear on the shearer picks. Saleable coal production of 267kt for the period was also impacted as the additional stone mined reduced product yields from the CHPP.

The South East Open Cut (SEOC) appeal process made some progress during the quarter with the lodgment of the statement of facts and contentions with the Land and Environment Court (LEC) by the appellant and the lodgment of a reply by Ashton. The LEC has set down a four week hearing for the appeal to commence in late August this year, later than originally anticipated and likely to lead to further delays in the development of the SEOC should the appeal be unsuccessful.

Austar Mine (Yancoal 100%)

ROM coal production for the quarter was 237kt and saleable production was 187kt. Production was significantly lower than normal as mining in the final panel of the Stage 2 area was completed in February. The longwall is currently being recovered and maintained before being set up in the first panel of the new Stage 3 area of the mine. Mining is scheduled to commence in the new section in June. Roadway development of 2,564 metres during the quarter exceeded budget (2,220 metres) despite the presence of significant amounts of water in the gate road development. The CHPP was shut down during March for a major maintenance programme to ensure that it will be available when longwall mining commences in Stage 3.

The "LEAN" business improvement process commenced its roll out at the mine during the quarter. Benefits such as reductions in operating costs and more efficient mining practices are expected to become evident as the year progresses.

Several heavy rainfall events during the quarter caused two of the dams across the site to overflow as they could not accommodate the amount of water collected in the short period. It is noteworthy that all dams on site are in compliance with design and regulatory criteria and emergency overflow and pumping systems are in place. Environmental authorities have been informed and further study is being undertaken to determine that as far as practicable, appropriate measures are in place to contain higher than expected rainfall events in the future.

Moolarben Mine (Yancoal 80%)

Despite higher than average rainfall and the loss of some operating time new output records were achieved at the mine. ROM coal production was 1,971kt and saleable production was 1,441kt for the quarter with the mine operating at its approval rate of 8.0Mtpa. The CHPP achieved a product yield of over 74% for the period compared to the budget of 70%.

The NSW Department of Planning and Infrastructure (DP&I) is yet to finalise its assessment of the Stage 2 Project (comprising Open Cut 4, Underground 1 and Underground 2 mines) and issue the draft development consent conditions. Once the Department has completed its assessment, the project will be referred to the Planning and Assessment Commission (PAC) for approval. The timing for the final PAC approval remains uncertain. Work continues on the design phase of the project while the relevant approvals are being sought.

Yarrabee Mine (Yancoal 100%)

Heavy rain in January and March impacted overburden removal and coal mining in the March quarter. Production of ROM and saleable product coal at the Yarrabee Mine was 679kt and 522kt respectively in the quarter. The CHPP continued to perform strongly with throughput well above budget levels despite the wet conditions. Mining of a new pit named the YEN pit commenced during the period with the development of the initial box cut. This pit will become a major source of coal for Yarrabee over several years into the future. Product stocks at both the mine and Boonal loadout facility remain high as coal railings were disrupted by the wet weather and track washouts on the coast early in the quarter.

Stratford and Duralie Mines (Yancoal 100%)

Normal operations at both Stratford and Duralie recommenced on schedule in early January following the planned shut down over the holiday period. In late February and early March two heavy rainfall events disrupted production for a period as water from the rain entered to open cut mines. Sufficient water was subsequently removed to enable mining to restart. ROM coal production for the quarter was 819kt and saleable coal production was 512kt.

The public exhibition period for the Stratford Extension Project has concluded, and the relevant regulators and members of the public have made their submissions to the DP&I. As is the usual process the submissions will be considered and responded to by Yancoal and forwarded to the DP&I progressively in coming weeks.

Donaldson Group (Yancoal 100%)

Production for the Donaldson Mines (Abel, Tasman and Donaldson open cut) was 1,067kt ROM coal and 716kt saleable coal for the quarter. The Abel Mine continued to perform strongly as the "LEAN" process continued delivering positive results with output consistently above expectations. Production from the Donaldson open cut will cease in late April as the reserves of the open cut will be exhausted at that time.

The application for the Tasman Mine extension project was approved by the Minister of DP&I under delegation during the period. The project will be reviewed by an internal team over coming months.

Middlemount Mine (Yancoal ~50%)

Production from the Middlemount Mine was significantly impacted in January when flood waters from an extreme wet season rainfall event breached the levee bank that surrounds the open cut. Large quantities of water flowed into the open cut at that time. (Yancoal ASX Release dated 29 January 2013).

The water has been successfully removed from the mine. Overburden mining recommenced reasonably quickly after the event and coal mining operations followed later in the quarter. The mine is expected to return to normal coal mining rates during the next quarter.

Mining operations at Middlemount are transitioning from the use of a mining contractor across to owner operator mining (Yancoal ASX release dated 21 February 2013). The transition is expected to be completed during June.

ENVIRONMENTAL ISSUES

There were three environmental incidents recorded at the mines during the quarter. Both the Yarrabee and Middlemount Mines were issued with Penalty Infringement Notices for contravening their respective Environmental Authority conditions in January. At Middlemount water was released and bypassed a sediment dam after a storm event just prior to a major flood and at Yarrabee, the extreme rainfall event at the end of January caused water to flow out of old pits into a local creek. Fines totalling \$8,800 will be paid by each mine in respect to the Infringement Notices.

A heavy rainfall event at the Austar Mine caused two dams to overflow. The Environmental Protection Authority was advised of the incidents and is currently considering a response to the matter.

EXPLORATION

Exploration activity was conducted at a number on the mines during the quarter. Total expenditure on exploration across the group for the period was \$1.9 million.

CORPORATE INFORMATION

Shareholder Enquires

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Cunliang Lai	Co-Vice Chairman
James MacKenzie	Co-Vice Chairman
Yuxiang Wu	Director
Baocai Zhang	Director
Xinghua Ni	Director
Boyun Xu	Director
William Randall	Director
Vincent O'Rourke	Director
Geoff Raby	Director
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Substantial Shareholders as at 31 December 2012

Name	Percentage of issued share
Yanzhou Coal	78.0%
Noble	13.2%

Number of ordinary shares on issue: 994,216,659

Number of CVR shares on issue: 87,935,910