



# Quarterly Report

FOR QUARTER ENDING June 2015

## HIGHLIGHTS

- Quarterly production of 4.22 million tonnes saleable coal (equity share) up 21 percent on the prior quarter and 10 percent year-on-year.
- Total equity share sales of 4.82 million tonnes, up 32 percent on the previous quarter and 26 percent year-on-year.
- Improved geological conditions at New South Wales (“NSW”) undergrounds and operational efficiencies at the open cut mines of Yarrabee and Moolarben.
- As announced 1 June 2015, The New South Wales Planning and Assessment Commission (“NSWPAC”) approved Yancoal Australia Ltd.’s (“Yancoal”) Stratford extension application.
- The proposed Stratford extension project has the potential to extract up to 21.5 million tonnes of Run of Mine (“ROM”) coal over 11 years at a rate of up to 2.6 million tonnes per annum.
- Full year 2015 operational guidance of 15 – 15.5 million tonnes saleable coal (equity share) remains unchanged.

## OUTLOOK

Thermal and metallurgical coal prices remained low throughout the reporting period, with continued global oversupply and China's restrictive import standards for specific provinces negatively impacting opportunities for substantial price improvements.

The decline of the Australian dollar throughout the reporting period continued to provide some relief, with the business remaining focused on implementing further cost reductions and restructuring the New South Wales operations as necessary, in response to ongoing challenging market conditions.

As announced 1 June 2015, the NSW PAC approved Yancoal's Stratford extension application. The proposed Stratford extension involves three mining areas, with the potential to extract up to 21.5 million tonnes of Run of Mine ("ROM") coal over 11 years at a rate of up to 2.6 million tonnes per annum.

The proposed Stratford extension has the potential to create up to approximately 250 new jobs in the local area and is awaiting approval under the Environment Protection and Biodiversity Conservation Act from the Commonwealth Department of the Environment.

## OPERATIONS

Improved geological conditions at the Austar and Ashton underground mines, supported by steady production rates at the Yarrabee and Moolarben open cut operations resulted in total saleable coal production of 4.2 million tonnes (equity basis), up 21 percent on the previous quarter and 10 percent on the year prior.

Sales volumes (equity share) for the reporting period were 4.82 million tonnes, up 32 percent on the previous quarter and up 26 percent on the year prior.

In New South Wales, improved geological conditions in the underground operations of Austar and Ashton enabled higher production rates for the quarter, with Austar up 51 percent on the previous quarter and 441 percent on the same time last year, following the suspension of operations due to the underground incident of April 2014.

Ashton's consistent production rates for the reporting period overcame the preceding quarter's technical issues, achieving production results up 72 percent on the first quarter and 23 percent year-on-year. The strong result offset the scheduled longwall move commenced at the end of the quarter, with production resuming early in the third quarter.

Abel was down 5 percent on the first quarter and 17 percent year-on-year, with production rates impaired by ongoing geological challenges in the development area.

Moolarben open cut production was up 8 percent on the year prior and down 2 percent on the previous quarter, with improved fleet efficiencies and overburden extraction rates offsetting operational slow-downs resulting from poor weather conditions during the reporting period.

Moolarben continued to develop Mod 9, with first coal mining scheduled for July. An adjustment to the Mine Plan was required after a high wall slip impacted the operation in early June, with wet weather continuing to delay recovery work and coal mining in the affected area.

The Stratford / Duralie operations commenced the process of converting from a contractor-managed to owner-operator model during the reporting period, with the changeover to be introduced in the second half of the year.

Stratford / Duralie production was up 32 percent on the previous quarter and down 17 percent on the year prior, due to the cessation of mining at the Stratford open cut last year. The proposed Stratford extension project has the potential to provide 21.5 million tonnes per annum ROM coal over ten years at a rate of 2.6 million tonnes per year.

In Queensland, Middlemount production was up 29 percent on the previous quarter and 36 percent year-on-year, with the operation experiencing minimal weather impacts for the period, allowing for production gains.

Yarrabee production was up 50 percent on the first quarter, following the conclusion of the adjustment of mining processes and equipment to meet the introduction of China's new import coal quality standards. Yarrabee continues to advance its blending options for product sold into China to offset potential impacts of the new coal standard restrictions.

#### PRODUCTION (100% Basis)

Saleable coal production 000's per tonne	June Qtr		Change	June YTD		Change
	2015	2014		2015	2014	
ASHTON	395	320	23%	624	727	-14%
AUSTAR	328	61	441%	545	376	45%
MOOLARBEN	1,665	1,543	8%	3,367	3,286	2%
YARRABEE	741	822	-10%	1,234	1,449	-15%
GLOUCESTER	409	492	-17%	718	1,030	-30%
DONALDSON	412	497	-17%	846	979	-14%
MIDDLEMOUNT	1,181	867	36%	2,098	1,741	21%
<b>TOTAL (100% Basis)</b>	<b>5,130</b>	<b>4,602</b>	<b>11%</b>	<b>9,432</b>	<b>9,588</b>	<b>-2%</b>
<b>Total Production - Equity Basis</b>	<b>4,223</b>	<b>3,828</b>	<b>10%</b>	<b>7,726</b>	<b>7,988</b>	<b>-3%</b>

#### SALES (Equity Basis)

	June Qtr		Change	June YTD		Change
	2015	2014		2015	2014	
Metallurgical	1,826	1,756	4%	3,299	3,646	-10%
Thermal	2,992	2,070	45%	5,165	4,242	22%
<b>TOTAL EQUITY SHARE</b>	<b>4,818</b>	<b>3,826</b>	<b>26%</b>	<b>8,464</b>	<b>7,888</b>	<b>7%</b>

**Metallurgical Coal** sales of 1.83 million tonnes (equity share), up 4 percent year-on-year.

**Thermal coal** sales were 2.99 million tonnes (equity share), up 45 percent year-on-year.

## June Quarter operating review

- Safety – no significant events were recorded for the quarter, with the safety rates for NSW operations positively improved for all three underground operations year-on-year. The investigation into the Austar underground incident by the Mine Safety Office of NSW Department of Trade and Investment, Regional Infrastructure and Services is ongoing.
- Permitting – as announced 1 June 2015, the NSWPAC has approved Yancoal’s Stratford extension application.
- A final ruling from the Land and Environment Court regarding conditions attached to the approval of the Ashton South East Open Cut project is expected to be received in the third quarter of 2015.

### CORPORATE INFORMATION

#### Shareholder Enquiries

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#### Directors

Xiyong Li	Chairman
Baocai Zhang	Co-Vice Chairman
Cunliang Lai	Co-Vice Chairman
Yuxiang Wu	Director
Fuqi Wang	Director
Boyun Xu	Director
William Randall	Director
Vincent O’Rourke	Director
Geoff Raby	Director
Gregory Fletcher	Director
Huaqiao Zhang	Director

#### CEO

Reinhold Schmidt

#### CFO

Lei Zhang

#### Company Secretary

Laura Ling Zhang

#### Registered Office

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### Substantial Shareholders as at 30 March 2015

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

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