

# Insider Trading Policy

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Yancoal Australia Limited

ACN 111 859 119

Approved 26 June 2012

## 1 Objective

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The purpose of this Policy is to incorporate into Yancoal's policies a prohibition of the types of conduct in dealing in securities that are prohibited under the *Corporations Act 2001* (Cth) (**Corporations Act**). The prohibitions apply to all directors and employees of Yancoal Australia Limited (**Company**) and its related bodies corporate as defined in the Corporations Act (collectively **the Group**).

The Company aims to achieve the highest possible standards of corporate conduct and governance. The Board of directors considers that compliance with this Policy is essential to ensure that the highest standards of conduct are being met by all directors and employees.

Any non-compliance with this Policy will be regarded as serious misconduct which may entitle the Company to take corrective disciplinary action. In addition, there are serious criminal and civil penalties that may result from breach of insider trading laws. These are explained in paragraph 4 below.

## 2 Scope

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This Policy applies to:

- (a) all directors and officers of the Group (including the Chief Executive Officer (CEO) and Chair of the Executive Committee (CEC));
- (b) all direct reports to the CEO, COO and CEC (senior executives);
- (c) all participants in any share or option scheme offered by the Group;
- (d) all employees and consultants working in the Group's Sydney office;
- (e) any other key management personnel as defined in the Accounting Standards;
- (f) all other employees and contractors of the Company  
(collectively, **Employees**); and
- (g) closely related parties (as defined in the Corporations Act) of Employees (referred to as **Connected Persons**).

In this Policy, the persons listed above are collectively referred to as Relevant Persons.

Where this Policy requires a Relevant Person to do an act or thing, the relevant Employee must do that act or thing in respect of his or her Connected Persons.

If you fall within categories (a) to (e) of 'Employees' above, you may be subject to further restrictions under the Share Trading Policy. You must discharge your obligations under the Share Trading Policy, which are in addition to those under this Insider Trading Policy.

## 3 Statement

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### 3.1 Do not trade if in possession of inside information

A Relevant Person must not deal in the Group's securities if:

- he or she are in possession of 'inside information'; or
- the Company is in possession of 'inside information' and has notified Employees that they must not deal in securities (either for a specified period or until the Company gives further notice).

Further guidance as to what constitutes 'inside information' is provided in paragraph 4.

## 4 Application

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### 4.1 Summary of prohibited conduct

Under the Corporations Act and this Policy, a person must not deal in securities if:

- the person possesses information which is not generally available to the public;
- that information may have a material effect on the price or value of securities of the relevant entity; and
- the person knows or ought reasonably to know that the information is not generally available and, if it were, it might have a material effect on the price or value of securities.

In addition, a person with inside information must not procure another person to deal in the Company's securities or communicate the information (directly or indirectly) to another person whom the person believes may deal (or procure someone else to deal) in the Company's securities.

The key terms are discussed in more detail in paragraph 4.2.

### 4.2 Relevant terms

#### (a) Securities

The definition of securities in the Corporations Act and for this Policy is very broad.

Securities include:

- ordinary shares;
- preference shares;
- options or performance rights;
- debentures; and
- convertible notes.

The term 'securities' also extends to financial products issued or created over or in respect of securities issued by the Company (for example, warrants and other derivative products), whether or not the financial products are created by the Company or by third parties.

#### (b) 'Dealing'

Dealing in securities is a broad concept and covers more than simply buying or selling securities. It extends to exercising options over securities and entering into agreements to buy or sell securities.

Under this Policy and the law, the prohibition on dealing means that an Employee must not:

- buy or sell; or

- enter into an agreement to subscribe for, buy or sell securities, where he or she possesses information that is not generally available and that a reasonable person would expect to have a material effect on the price or value of those securities.

The Employee is also prohibited from:

- procuring any other person to deal in those securities; or
- directly or indirectly communicating the information to another person whom the Employee believes is likely to deal in, or procure another person to deal in, those securities.

Procuring means enticing, encouraging, persuading, causing or securing another person to do or not to do something. Procuring also includes inciting, inducing or encouraging an act or omission.

For example, an Employee cannot ask or encourage anyone, including family members, friends, associates or others, to deal in securities if the Employee possesses inside information, and that Employee should not communicate the inside information.

If an Employee accidentally gives somebody inside information when he or she should not have, the Employee must immediately tell that person that it is 'inside information' and warn them against trading in the Company's securities, getting others to trade in the Company's securities, or communicating the information to others.

(c) **'Inside' information**

Information is 'inside information' if it is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect (upwards or downwards) on the price or value of a security.

Information is defined broadly in the Corporations Act and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions, or likely intentions, of a person.

(d) **Information that is 'generally available'**

Information is generally available if it:

- (1) consists of readily observable matter;
- (2) has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by the Company and since it was made known, a reasonable period for it to be disseminated among those persons has elapsed. For example, information will be 'generally available' if it has been released to ASX or published in an annual report or prospectus or similar document and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
- (3) consists of deductions, conclusions or inferences made or drawn from information referred to in paragraph 4.2(d)(1) or information made known as mentioned in paragraph 4.2(d)(2), or both.

(e) **Information that may have a 'material effect'**

Under the Corporations Act, information is likely to have a material effect on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

The following types of information would be likely to be considered to have a material effect on the price of the Company's securities:

- sales figures;
- profit forecasts;
- unpublished announcements or knowledge of possible regulatory investigation;
- liquidity and cashflow;
- proposed changes in the Company's capital structure, including issues of securities, rights issues and buy backs;
- borrowings;
- major asset purchases and sales;
- impending mergers, acquisitions, reconstructions, takeovers, etc;
- significant litigation;
- significant changes in operations;
- significant changes in industry;
- new products, services or technology;
- proposed dividends or dividend policies;
- management restructuring or Board changes; and
- new contracts or customers.

### **4.3 Breach**

Breaches of the insider trading laws have serious consequences for both the Relevant person concerned and the Company.

A person who commits a breach of the insider trading laws could be subject to criminal liability (substantial fines or imprisonment or both may be imposed) or civil liability (substantial fines may be imposed) under Australian law. A person who contravenes or is involved in a contravention of these provisions may also be liable to compensate any person who suffers loss or damage resulting from the conduct. In addition, an actual or suspected breach of the insider trading laws may also give rise to adverse public scrutiny and media comment.

It is therefore important that Employees adhere to this Policy, and any other obligations that they have under Australian law in relation to insider trading, at all times.

Breaches of this Policy are regarded as serious and will be subject to appropriate sanctions, in addition to any civil or criminal liability under Australian law.

Any person who is suspected of breaching this Policy may be suspended from attending the workplace on full pay pending the outcome of investigations into the alleged breach.

Any person who is proven to have breached this Policy could face disciplinary action (including forfeiture of securities and/or suspension or termination of employment).

## 5 Responsibilities

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### 5.1 Securities in other companies

While in general Employees are free to deal in securities in other listed companies, the prohibited conduct under the Corporations Act includes dealings not only in the Company's securities but also in those of other listed companies with which the Company may be dealing (including the Group's customers, contractors or business partners) where an Employee possesses 'inside information' in relation to that other company.

If a Relevant Person is aware of information that is not generally available but which, if it were generally available, a reasonable person would expect to have a material effect on the price or value of a security, the Relevant Person must not deal in the securities of the companies that it affects.

Relevant Persons may come into possession of 'inside information' where they are directly involved in client relationship management or negotiating contracts. For example, where the Relevant Person is aware that the Group is about to sign a major agreement with another company, the Relevant Person must not buy securities in either the Company or the other company.

## 6 Management

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### 6.1 Maintenance

This Policy is maintained and reviewed by the Company Secretary and General Counsel.

### 6.2 Communication

This Policy is available on the Yancoal Management System and on the Company's website [www.yancoal.com.au](http://www.yancoal.com.au).

### 6.3 Monitoring

This Policy will be monitored for compliance by the Company Secretary and the Compliance Team.

### 6.4 Reporting

Any Employee who has queries about this Policy should contact the Company Secretary. Any breaches of this Policy should be referred to the Company Secretary

## 7 Control

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### 7.1 Amendments

Subject to and after receiving Board approval for an amendment, this Policy can only be amended by the Company Secretary, a member of the Compliance Team and General Counsel.

## **7.2 Approval**

This Policy and any amendment to it must be approved by the Board.

This Policy was approved on 26 June 2012.

## **7.3 Effective Date**

This Policy came into effect on 26 June 2012.