

19 August 2015

# ASX Release:

## Half Year Results 2015

### Highlights:

- Strong production of 10.6Mt ROM coal (equity basis) and 7.7Mt saleable product coal (equity basis)
- Increased operational efficiencies and cost reductions
- Maximising blending opportunities across NSW operations
- Received New South Wales Planning and Assessment Commission (**NSWPAC**) approval for the tier-one, low cost Moolarben Stage Two project (February) and proposed Stratford open cut extension (June).

Sustained global market oversupply and depressed thermal and metallurgical coal prices provided little opportunity for earnings improvement during the half-year ended 30 June 2015, with Yancoal Australia Ltd (**Yancoal**) announcing a loss after income tax of \$145.4 million from revenue of \$634.4 million. Operating EBIT was a loss of \$126.9 million.

Yancoal's continuing restructure of its mining operations led improved operational efficiencies and cost reductions, with consistent production at the tier-one Moolarben open cut asset driving the strong result of 10.6Mt ROM coal (equity basis) and 7.7Mt saleable product coal (equity basis) for the reporting period.

Sharing infrastructure, processes and production teams across operations where possible, Yancoal further developed its product blending strategies to target new marketing opportunities and meet the requirements of China's new import quality standards.

Having strengthened the capital structure of the business via the issuing of Subordinated Capital Notes in December 2014 and re-commitment of new financial support from major shareholder Yanzhou Coal Mining Company (**Yanzhou**), Yancoal remains focused on progressing its pipeline of major brownfield projects in the second half of the financial year.

Chief Executive Officer Reinhold Schmidt said, "While we have overcome significant geological conditions at our underground operations to achieve a strong production result for the reporting period, our operations have not been immune to the significant impacts of the negative operating environment.

“Flat coal prices and global market oversupply, aided by the ongoing impact of take or pay arrangements, have forced our New South Wales operations to reduce their employee numbers in recent months.

“Redundancies have a major impact upon the lives of our employees, their families and the local communities in which we operate. While we have taken steps throughout the past six months to redeploy our people wherever possible, unfortunately we have been unable to retain current employee numbers.

“In the second half of the year, we remain focused on reducing costs and maintaining consistent strong production in line with operational targets, while developing our brownfield growth strategy.

“The recent approval of the tier-one low cost Moolarben Stage Two project is a positive opportunity for Yancoal to build a premier asset within NSW, with the potential to generate further employment and investment opportunities within the Mid-Western region.

“The approval of the proposed Stratford extension also provides increased optionality for our business, when considering our future potential expansion plans and ensuring we are ready to respond when market conditions improve.”

## **Outlook**

Global thermal and metallurgical markets are expected to remain flat, with continuing global over supply and China’s restrictive import standards for specific provinces unlikely to provide new opportunities for substantial price improvements in the near term.

In response to the current downturn, Yancoal remains focused on controlling costs and restructuring its operations to optimise its product mix, maximise yields and pursue new marketing synergies where possible, sharing the services and infrastructure of its New South Wales operations.

Yancoal production outlook remains 15.0Mt – 15.5Mt (equity share) saleable production for 2015.

**End**

## **Media and Investor Relations contact:**

James Rickards  
General Manager Investor Relations and Corporate Affairs  
+61 2 8583 5922  
+419 731 371  
James.rickards@yancoal.com.au