



# Quarterly Report

FOR QUARTER ENDING September 2015

- Quarterly production of 3.82 million tonnes saleable coal (equity share), down 12% year-on-year.
- Total equity share sales of 4.39 million tonnes, up 10 percent year-on-year.
- As announced 3 September, NSW Department of Industry Resources and Energy granted the mining lease for the Moolarben Stage Two Project.
- As announced 14 September, NSW Department of Industry Resources and Energy granted the mining operations plan for the Moolarben Stage Two Project.
- Open cut operations sustained strong production rates and performance efficiencies throughout the reporting period.
- Successful completion of the scheduled longwall move and narrowing of the block at the Ashton underground mine.
- Full year 2015 operational guidance of 15 – 15.5 million tonnes saleable coal (equity share) remains unchanged.

## OUTLOOK

Global coal prices remained flat throughout the reporting period, with market oversupply continuing to impact the potential for price recovery and China's restrictive import standards for specific provinces tempering established market growth opportunities.

In response to the impacts of the continued downturn in the global coal market, Yancoal announced the restructure of its Austar and Abel underground operations in New South Wales on 24 July 2015, resulting in redundancies of up to 170 employees at the Abel mine and up to 55 employees at the Austar mine.

Throughout the reporting period, Yancoal remained focused on maximising blending opportunities and product yields across its New South Wales operations, with the sustained dry weather conditions of Central Queensland positively aiding consistent production rates at the Yarrabee operation and Middlemount joint venture.

## OPERATIONS

Steady production at the Moolarben, Yarrabee and Middlemount open cut operations offset reduced run rates at the New South Wales underground mines, resulting from a scheduled longwall move at Ashton and restructures of the Austar and Abel mines.

Mine production drove total saleable coal production of 3.82 million tonnes (equity basis) for the reporting period, down 12% on the year prior. Sales volumes (equity share) for the reporting period were 4.38 million tonnes, up 10 percent on the year prior.

In New South Wales, Moolarben open cut production was up one percent on the year prior and four percent on the previous quarter, with ongoing operational efficiencies and tight production controls simultaneously benefitting from the opening of the Mod 9 area for new coal extraction at the beginning of the reporting period.

Ashton's strong production gains were offset by a scheduled longwall move at the beginning of the reporting period, with the recommencement of production subsequently interrupted by the further narrowing of the block, as required. A return to full production overcame anticipated challenging geological conditions, achieving results up 148 percent on the year prior and down 11 percent on the previous quarter.

Abel production was in line with expectations, down 33 percent year-on-year and down 24 percent on the previous quarter, as a result of the mine's restructure and reduction in operations from three extractors to one and five developers to two.

The scheduled restructure of operations at Austar including the cessation of longwall operations and subsequent introduction of two development production teams, resulted in production being down 92 percent year-on-year and 86 percent on the previous quarter.

Stratford/Duralie completed the transition from a contractor-managed operation to an owner-operated model. Significant interruptions to the rail line during the reporting period negatively impacted haulage of Duralie product to Stratford for washing. As a result, total production was down 12 percent on the previous quarter and 27 percent year-on-year.

In Queensland, Middlemount open cut production remained consistently strong throughout the reporting period, up one percent on the previous quarter and 20 percent year-on-year, with positive weather conditions aiding uninterrupted production and haulage rates.

Yarrabee production was up two percent on the previous quarter, with good weather conditions and consistent fleet management similarly enabling consistent production rates and throughput for the period.

#### PRODUCTION (100% Basis)

	September Qtr		Change	September YTD		Change
	2015	2014		2015	2014	
ASHTON	351	142	148%	975	869	12%
AUSTAR	47	592	-92%	592	968	-39%
MOOLARBEN	1,730	1,719	1%	5,097	5,005	2%
YARRABEE	754	803	-6%	1,988	2,252	-12%
GLOUCESTER	360	493	-27%	1,078	1,523	-29%
DONALDSON	311	465	-33%	1,157	1,443	-20%
MIDDLEMOUNT	1,193	997	20%	3,291	2,738	20%
<b>TOTAL (100% Basis)</b>	<b>4,746</b>	<b>5,211</b>	<b>-9%</b>	<b>14,178</b>	<b>14,799</b>	<b>-4%</b>
<b>Total Production - Equity Basis</b>	<b>3,820</b>	<b>4,354</b>	<b>-12%</b>	<b>11,547</b>	<b>12,342</b>	<b>-6%</b>

#### SALES (Equity Basis)

	September Qtr		Change	September YTD		Change
	2015	2014		2015	2014	
Metallurgical	2,244	1,940	16%	5,543	5,586	-1%
Thermal	2,144	2,052	4%	7,309	6,294	16%
<b>TOTAL EQUITY SHARE</b>	<b>4,388</b>	<b>3,992</b>	<b>10%</b>	<b>12,852</b>	<b>11,880</b>	<b>8%</b>

**Metallurgical Coal** sales of 2.24 million tonnes (equity share), up 16 percent year-on-year.

**Thermal coal** sales were 2.14 million tonnes (equity share), up 4 percent year-on-year.

#### September Quarter operating review

- Safety – no significant events were recorded for the quarter. 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 3 September and 14 September 2015 respectively, the NSW Department of Industry Resources and Energy granted the mining lease and mining operations plan for the Moolarben Stage Two Project.

Once fully developed the integrated Moolarben Coal Complex (Stage 1 and Stage 2 combined) will produce up to 17 million tonnes of Run of Mine (ROM) coal per annum for a period of 24 years.

- A final ruling from the NSW Court of Appeal regarding conditions attached to the approval of the Ashton South East Open Cut project is expected to be received in the fourth 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 September 2015

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

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