

27 May 2016

ASX Release:

Annual General Meeting – Chairman’s Speech

Ladies and Gentlemen,

Please accept my sincere apologies for being unable to join you for this morning’s Annual General Meeting.

On behalf of the Board, I would first like to express our thanks to our shareholders for their continued financial support and faith in the future strength and viability of Yancoal Australia.

Within a challenging market environment, Yancoal has maintained its commitment to investing within the Australian resources sector, with our leadership team remaining focused on ensuring the safety of our people, extending our reach into new global markets, reducing our operating costs and pursuing our significant portfolio of brownfield expansion and extension projects.

During 2015 we pro-actively sought new funding arrangements to support sustainable future growth, and restructured the underground operations to achieve greater cost and production efficiencies.

Importantly, we also delivered on our promises of the year prior, delivering each phase of the low-cost, high-value Moolarben Stage Two asset on time and on budget.

While we are yet to achieve our goal of establishing Yancoal as a profitable leader within the local resources sector, our full year 2015 after-tax loss of \$291.2 million is an improvement on the year prior.

The loss reflects the continued impacts of low global thermal and metallurgical coal prices, as well as the limited opportunities for price improvement during what continues to be an oversupplied marketplace.

We were also not immune to the impacts of China’s National Development and Reform Commission’s introduction of new quality coal restrictions for imports, with product sales from our Yarrabee operation directly affected for the majority of the reporting period.

In response to these challenges we continued to restructure and revise our mining plans, while maximising our blending opportunities and looking to new markets within Asia to meet product sales expectations.

While we worked to mitigate against the impacts of the market downturn, further restructures unfortunately necessitated the reduction in workforce numbers, with the Abel and Austar operations directly affected.

Other significant changes included the successful transition of the Stratford Duralie open cut from contractor-operated to owner-operated. The change enabling us to more efficiently implement cost management strategies across the sites and improve production rates.

Having overcome significant geological challenges within the underground mines and maximised fleet capabilities at the open cuts during 2015, we achieved a strong production result of 25.4 million tonnes total ROM coal and 18.6 million tonnes saleable coal for the year.

I am pleased to report we achieved these results without any significant injuries, our sites continuing to demonstrate improvements over the past four years in reported Total Lost Time Injury Frequency Rates and Total Recordable Injury Frequency Rates.

While much was achieved throughout 2015, the year ahead will be one of further change for our business. Most specifically, as we work to implement the terms of our newly secured debt-funding arrangement, as announced 17 February 2016.

The new financing arrangement secures up to US\$950 million in debt-funding via the issuing of nine-year secured debt bonds by a newly established Yancoal subsidiary, Watagan Mining Company Pty Ltd, to a consortium of financiers consisting of Industrial Bank Co. Ltd, BOCI Financial Products Limited and United NSW Energy Limited.

This substantial arrangement demonstrates China's continuing commitment to our long term business strategy.

Under the terms of the funding agreement, Yancoal has ceased to control the Austar, Ashton and Donaldson assets, but remain as the exclusive provider of mine management, marketing, infrastructure and other corporate support services under 10-year contracts.

This significant investment demonstrates the increasing benefits of China and Australia trade relations and how we can work towards maximising the shared opportunities between our two countries.

With this new debt-funding arrangement and the capital secured previously by the issuing of Subordinated Capital Notes in December 2014, Yancoal remains well positioned to continue to deliver its Moolarben Stage Two project and pursue its growth ambitions.

While we must retain our courage and patience during these difficult times, we remain positive of an eventual improvement within the global coal market.

With the support of our financiers and Yancoal's major shareholders, I believe we have the leadership, experience, and long term strategy required to build on all that we have recently achieved.

Thank you.

Xiyong Li

Chairman of the Board

End

Media and Investor Relations contact:

James Rickards

General Manager Investor Relations and Corporate Affairs

Phone: +61 2 8583 5922 Mobile: +61 419 731 371 Email: james.rickards@yancoal.com.au