



Quarterly Report

FOR QUARTER ENDING December 2016

HIGHLIGHTS

- Quarterly production (equity share) of 4.51 million tonnes saleable coal, up 21 percent on the year prior.
- Quarterly sales volumes (equity share) of 6.18 million tonnes, up 25 percent on the year prior.
- Positive global coal market price improvements throughout the reporting period.
- Mine site efficiencies drove improved yields at the Moolarben complex throughout the reporting period.
- Improved underground conditions supporting consistent longwall production at Austar for the reporting period.

OUTLOOK

Prime coking coal prices continued to appreciate on the back of China and Indian demand, while industry was yet to fully recover from force majeure events announced in the previous reporting period. China's sustained commitment to reduced domestic production continued to drive significant positive improvements in global metallurgical and thermal coal prices.

Yancoal continues to maximise blending arrangements, operational efficiencies and cost saving strategies implemented earlier in the year.

OPERATIONS

In New South Wales, Yancoal continued to operate the Moolarben and Stratford Duralie open cut mines throughout the reporting period, and managed the underground mines of Austar, Ashton and Donaldson on behalf of Watagan Mining Company Pty Ltd ("Watagan").¹

In Queensland, Yancoal operated the Yarrabee open cut mine and maintained its near 50 percent equity interest in Middlemount Coal Pty Ltd ("Middlemount") throughout the reporting period.

PRODUCTION

Operations produced a total 4.51 million tonnes saleable coal (equity share) for the reporting period, up 21 percent on the year prior, with sales volumes (equity share) of 6.18 million tonnes, up 25 percent on the year prior.

The significant uplift in production mostly attributable to established fleet and mine plan efficiencies at the Moolarben complex. Moolarben production was up 35% on the year prior due to the realisation of the benefits of the Stage 2 open cut 4 expansion and improved yields.

Production at Stratford Duralie was down 51 percent for the reporting period in accordance with expectations, following the redesign of the Duralie pit and reduction in operations, as announced during the previous reporting period.

Austar production was up 394 percent on the year prior, having sustained steady production and development rates throughout the reporting period, with preparations commencing for a scheduled longwall move in the first quarter of 2017.

Ashton underground production was down 42 percent on the year prior, due to ongoing interruptions to the longwall caused by rock intrusions within the seam, reducing cutting rates and increasing change out times throughout the reporting period.

In Queensland, the Yarrabee open cut production was up 13 percent on the year prior, offsetting minor wet weather interruptions experienced during December.

¹ On 17 February 2016, Yancoal announced a new financing arrangement to secure 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 ("Watagan"), to Industrial Bank Co. Ltd, BOCI Financial Products Limited and United NSW Energy Limited. Under the arrangement, Yancoal's interests in the assets of Ashton, Austar and Donaldson were transferred to and held by Watagan.

Production at the Middlemount joint venture was up 53 percent year-on-year, attributable to improved production rates throughout the reporting period, overcoming minor wet weather interruptions during December.

PRODUCTION (100% Basis)

	December Qtr			December YTD		
	2016	2015	Change	2016	2015	Change
ASHTON	232	401	-42%	1,074	1,375	-22%
AUSTAR	637	129	394%	1,138	721	58%
DONALDSON	-	178	-100%	193	1,335	-86%
MOOLARBEN	2,442	1,802	35%	9,349	6,899	36%
YARRABEE	935	826	13%	3,098	2,814	10%
GLOUCESTER	173	355	-51%	864	1,433	-40%
MIDDLEMOUNT	1,101	722	53%	4,092	4,013	2%
TOTAL (100% Basis)	5,521	4,412	25%	19,808	18,590	7%
Total Production - Equity Basis	4,506	3,709	21%	15,986	15,256	5%

SALES VOLUMES (Equity Share)²

	December Qtr			December YTD		
	2016	2015	Change	2016	2015	Change
Metallurgical	2,358	2,054	15%	7,723	7,597	2%
Thermal	3,821	2,905	32%	11,582	10,214	13%
TOTAL EQUITY SHARE	6,179	4,959	25%	19,305	17,811	8%

Metallurgical Coal sales volumes (equity share) of 2.36 million tonnes, up 15 percent on the year prior.

Thermal coal sales volumes (equity share) of 3.82 million tonnes, up 32 percent year-on-year.

² Includes external coal purchases

Substantial shareholders as at 31 December 2016

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

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

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
Dr Geoff Raby	Director
Gregory Fletcher	Director
Huaqiao Zhang	Director

CEO

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