



Quarterly Report

FOR QUARTER ENDING March 2015

HIGHLIGHTS

- Quarterly production of 3.50 million tonnes saleable coal (equity share).
- Steady production in line with expectations, following scheduled 2014 Christmas shut down of selected operations and continuing geological challenges at the New South Wales underground mines.
- As announced 2 February 2015, the New South Wales Planning and Assessment Commission (“NSWPAC”) approved the Moolarben Stage Two expansion application.
- As announced 16 March 2015, Yancoal agreed to provide the land tenure and surrounds associated with the natural feature known as 'The Drip' near Mudgee, New South Wales, to the NSW Government for inclusion in the reserve system under the National Parks and Wildlife Act 1974, for no compensation.
- Full year 2015 operational guidance of 15 – 15.5 million tonnes saleable coal (equity share) remains unchanged.

OUTLOOK

Coal prices for metallurgical and thermal products remained low throughout the reporting period, with marketplace oversupply continuing to restrict the opportunity for significant price improvements.

Marketplace uncertainty remains following the 1 January 2015 implementation of China's National Development and Reform Commission's (NDRC) new quality coal restrictions for imports into the regions of Beijing-Tian Jin-Hebei, Yangtze River Delta and Pearl River Delta. In response, Yancoal continues to adjust its blending and extraction processes at the Yarrabee operation to ensure all proposed exports are in accordance with the new standards.

The decline of the Australian dollar throughout the majority of the reporting period provided some relief from operating costs, supporting cost reductions implemented across sites during 2014's restructure of operations and the consolidation of back office and shared services.

As announced 2 February 2015, The NSW PAC approved Yancoal's Moolarben Stage Two expansion application, with the proposed project capable of producing up to 16 million tonnes per annum of Run of Mine (ROM) coal for a period of 24 years, extending the life of the existing Moolarben Coal complex and potentially creating up to 120 new full time jobs.

The NSW PAC approval will enable the development of two additional underground mining areas and a new open cut pit to be developed to the east of the Moolarben operation's approved underground and open cut coal mines.

OPERATIONS

Improved production rates at Moolarben and gains at the joint venture Middlemount mine, were offset by the negative impacts of ongoing geological challenges at the New South Wales undergrounds, resulting in total saleable coal production of 3.50 million tonnes (equity basis), down 16 percent on the year prior.

Sales volumes (equity share) for the reporting period were 3.65 million tonnes, down 10 percent on the previous year.

In Queensland, strong production and consistent throughput at the Middlemount joint venture offset wet weather experienced at the start of the year, with production up five percent on the previous year.

Yarrabee production was down 21 percent year-on-year, following the scheduled shutdown of operations during the Christmas 2014 holiday period and recent adjustment of mining processes to meet the introduction of China's new import coal quality specifications.

In New South Wales, consistent production gains and uninterrupted throughput drove Moolarben's positive result for the reporting period, up 26 percent on the December quarter, down two percent on the year prior.

Minimal development production and continued geological challenges at the Austar underground mine detrimentally affected production for the reporting period, down 31 percent year-on-year. Development production remains at a minimum as the investigation into the cause of the underground incident of April 2014 continues.

Ongoing geological issues at the face continued to negatively impact longwall production at the Ashton underground throughout the period, down 44 percent year-on-year.

Production at the Stratford/Duralie (Gloucester) open cut operations was in accordance with scheduled mine plans for the first quarter, with coal extraction rates expected to ramp up later in the year.

Donaldson's Abel underground mine was down 10 percent year-on-year, having encountered a series of geological challenges in the main workings during the reporting period.

PRODUCTION (100% Basis)

Saleable Coal Production 000's t	Mar Qtr		Change	Mar YTD		Change
	2015	2014		2015	2014	
ASHTON	229	408	-44%	229	408	-44%
AUSTAR	217	316	-31%	217	316	-31%
MOOLARBEN	1,702	1,743	-2%	1,702	1,743	-2%
YARRABEE	493	627	-21%	493	627	-21%
GLOUCESTER	309	538	-42%	309	538	-42%
DONALDSON	434	481	-10%	434	481	-10%
MIDDLEMOUNT	917	874	5%	917	874	5%
TOTAL (100% Basis)	4,302	4,986	-14%	4,302	4,986	-14%
Total Production - Equity Basis	3,503	4,160	-16%	3,503	4,160	-16%

SALES (Equity Basis)

	Mar Qtr		Change	Mar YTD		Change
	2015	2014		2015	2014	
Metallurgical	1,473	1,890	-22%	1,473	1,890	-22%
Thermal	2,173	2,173	0%	2,173	2,173	0%
TOTAL EQUITY SHARE	3,646	4,063	-10%	3,646	4,063	-10%

Metallurgical Coal sales of 1.47 million tonnes (equity share), down 22 percent year-on-year.

Thermal coal sales were 2.17 million tonnes (equity share), consistent with the first quarter of 2014.

March Quarter operating review

- Safety – no significant events 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.
- Environment – As announced 16 March 2015, Yancoal reached an agreement with the New South Wales Government to ensure the conservation of the land tenure and surrounds associated with the natural feature known as 'The Drip' to the satisfaction of the Secretary and the Office of Environment and Heritage. Yancoal agreed to provide The Drip and land surrounding it to the NSW Government for inclusion in the reserve system under the National Parks and Wildlife Act 1974, for no compensation.
- Sales - Total equity share sales of 3.65 million tonnes, down 10 percent year-on-year.
- Production – Total equity share saleable coal production of 3.50 million tonnes, down 16 percent year-on-year.
- Permitting – As announced 2 February 2015, the NSW PAC approved the Moolarben Stage Two expansion application. The Moolarben Stage Two Project will produce up to 16 million tonnes per annum of ROM coal for a period of 24 years, extending the life of the operation and potentially creating up to 120 new full time jobs.
- A final ruling from the Land and Environment Court regarding conditions attached to the approval for the Ashton South East Open Cut project is expected to be received in the second quarter of 2015.

CORPORATE INFORMATION

Shareholder Enquiries

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Cunliang Lai	Co-Vice Chairman
Yuxiang Wu	Director
Xinghua Ni	Director
Boyun Xu	Director
William Randall	Director
Vincent O'Rourke	Director
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Substantial Shareholders as at 30 March 2015

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

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

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