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兗州煤業股份有限公司
YANZHOU COAL MINING COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1171)

UPDATE ON AN ARBITRATION INVOLVING A WHOLLY-OWNED SUBSIDIARY OF YANZHOU COAL MINING COMPANY LIMITED

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1. Basis information of the arbitration

Reference is made to the arbitration on a contract dispute between Yanzhou Coal Shanxi Neng Hua Company Limited ("**Shanxi Neng Hua**"), a wholly owned subsidiary of Yanzhou Coal Mining Company Limited ("**Yanzhou Coal**" or the "**Company**"), and Shanxi Jinhui Coke Chemical Co., Ltd. ("**Shanxi Jinhui**") and as disclosed in the Company's 2013 annual report and the subsequent periodic reports (the "**Arbitration**").

Basic information of the Arbitration is restated as follows:

In February 2005, Shanxi Neng Hua entered into an asset swap contract with Shanxi Jinhui and Shanxi Tianhao Chemicals Company Limited ("**Tianhao Chemicals**"), a controlled subsidiary of Shanxi Neng Hua, entered into a material supply contract with Shanxi Jinhui, pursuant to which, Shanxi Jinhui shall compensate Tianhao Chemicals for its actual losses if Shanxi Jinhui fails to provide the land for lease, gas, middlings, water, electricity supply and rail transportation for the establishment and production of Tianhao Chemicals. In addition, Shanxi Jinhui shall purchase all the equity interests in Tianhao Chemicals held by Shanxi Neng Hua to compensate the losses at a price not less than the total investment in Tianhao Chemicals plus the interest thereof calculated with an interest rate on bank loans over the same period, if Tianhao Chemicals is unable to continue to operate due to Shanxi Jinhui's default.

Shanxi Jinhui failed to fulfill the "contractual obligations to provide gas, middlings and land supply, etc." in accordance with the aforementioned contracts and unilaterally suspended the gas supply, Tianhao Chemicals was unable to continue to operate and subsequently ceased production in April 2012. In September 2013, Shanxi Neng Hua submitted the case to Beijing Arbitration Commission, requesting Shanxi Jinhui to purchase all the equity interests in Tianhao Chemicals held by Shanxi Neng Hua and pay a total of RMB798.8 million for the equity transfer in accordance with the contracts.

2. Update of the case

Beijing Arbitration Commission accepted the Arbitration after performing the necessary procedures, however no arbitration award has been determined. Based on the progress of the case, in order to fully protect the interests of the Company, Shanxi Neng Hua applied to Beijing Arbitration Commission for withdrawal of the request for arbitration. Recently, Shanxi Neng Hua received Beijing Arbitration Commission's reply granting withdrawal of the Arbitration.

Shanxi Neng Hua is further studying the plan of dispute resolution. The Company will make timely disclosure on the update of the Arbitration in accordance with the regulatory requirements as and when appropriate.

3. Impact of the Arbitration on the profits of the Company

The Company is unable to estimate the impact of the Arbitration on the profit of the Company for the time being.

By order of the Board
Yanzhou Coal Mining Company Limited
Li Xiyong
Chairman of the Board

Zoucheng City, Shandong Province, the PRC
24 August 2015

As at the date of this announcement, the directors of the Company are Mr. Li Xiyong, Mr. Yin Mingde, Mr. Wu Yuxiang, Mr. Zhang Baocai, Mr. Wu Xiangqian and Mr. Jiang Qingquan, and the independent non-executive directors of the Company are Mr. Wang Lijie, Mr. Jia Shaohua, Mr. Wang Xiaojun and Mr. Xue Youzhi.