

31st May 2019

Annual General Meeting - Chairman's Speech

Dear shareholder representatives, distinguished guests, ladies and gentlemen,

Good morning.

On behalf of the Board of Directors of Yancoal Australia, I would like to extend a warm welcome to all the shareholders who attended today's Annual General Meeting.

We would also like to express our sincere gratitude to all sectors of the community that have given Yancoal Australia their attention and help.

Safety remains our number one priority.

We will provide a safe workplace for more than 3,000 employees and effectively protect our people.

2018 was a year of strength and performance for Yancoal.

It was the year we consolidated our position as the leading, independent operator in the Australian coal sector and advanced our position as a leader in the global coal market.

With the ongoing support of the shareholders, Yancoal Australia began to reap the benefits of the assets acquired in 2017. The gains required a dedicated effort to integrate the operations and establish working relationships with Joint Venture partners.

The company completed its listing on the Main Board of The Stock Exchange of Hong Kong Ltd. Yancoal is the only dual-listed coal company on the Australian and Hong Kong Exchanges; this platform provides further opportunities for the company's value to be recognised.

In 2018, Yancoal produced 50.0 million tonnes of saleable thermal and metallurgical coal; of this total, 32.9 million tonnes were attributable to Yancoal.

The benefit of the first full year of volume and synergies generated by the expanded asset base was evident as new production records were set and operating costs remained stable despite the broader industry pressures.

It was acting decisively in securing the additional assets that positioned Yancoal to benefit from the subsequent coal price recovery in 2018. Revenue of A\$4.9 billion resulted in an Operating EBITDA of A\$2,180 million, and a Profit of A\$852 million compared to A\$229 million in the prior year.

The robust financial performance has enabled the company to distribute dividends and undertake early debt repayments. The combined dividends for 2018 were A\$507 million, or A\$0.39 per share. In addition to this US\$1,400 million of debt has been repaid during the past 20 months.

The company intends to continue on this path; the target this year is a dividend payout of 50% of the net profit after tax. Further debt repayments are also a priority.

Our 2019 guidance for saleable production is around 35 million tonnes (attributable share), with stable production costs of A\$63.5 per tonne (FOB basis and excluding royalties) and capital expenditure of approximately \$285 million (equity share).

The Tier One assets of Moolarben, Mount Thorley Warkworth and the Hunter Valley Operations Joint Venture, are three of Australia's most efficient, low-cost and long-life assets, providing sustainable coal products to global customers.

The expanded asset base not only increased the annual production, but it also increased the average mine life across the primary operations to almost 30 years. Yancoal is working towards a meaningful production increase at both the Moolarben and Mount Thorley Warkworth operations in future years.

The continuously improving financial position and cash flow allow us to pursue debt structures that are more conducive to future Company developments.

We continue to advance rapidly and with experience, approaching each new endeavour with the knowledge gained from past efforts, meeting the market and operational challenges front on.

I want to thank our shareholders for their assistance and support and to thank our joint venture partners, management and operational teams for their contribution to Yancoal's success and future.

Yancoal Australia will seize opportunities for growth, strive for new achievements, and provide returns for our shareholders.

Thank you.

Baocai Zhang
Chairman of the Board

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