

16 February 2023

Market Release:

New South Wales Coal Reservation Policy

On 18 January 2023, Yancoal Australia Ltd (the “Company”) was advised by the New South Wales Government (the “NSW Government”) that it intended to introduce a price cap and coal reservation policy (the “Policy”), which will be effective for 15 months, from 1 April 2023 until 30 June 2024. Over the subsequent weeks, the Company has engaged with the Government to understand the operation of the Policy and to identify challenges in its implementation.

Under the Policy, the Company is compelled to make available up to 395,000 tonnes of coal per quarter to domestic power generators from its attributable saleable production.

Coal sold under this Policy is subject to a price cap of A\$125/tonne delivered for 5,500 kcal/kg products, energy-adjusted.

In addition to the Policy’s direct impacts on the Company’s sales profile and revenue, the requirement to re-direct coal into the domestic supply chain presents significant logistical challenges. The Company will be in a better position to evaluate the logistical impacts after operating under the Policy for a sufficient period.

The Company has been told by NSW Government that it will not be compensated for the difference between market rates and the price it receives selling volumes under the Policy. Compensation may be made available in certain circumstances, such as where costs exceed the capped price of coal. However, the Company has yet to see the final framework guiding compensation and understands this may not be finalised for some weeks.

The Company will continue engaging with the NSW Government to address any unintended impacts of the Policy and compensation that the Company should receive for losses incurred due to this Policy.

The Company will provide further updates to the market as appropriate.

Shareholders and investors of the Company are advised to exercise caution in dealing in the shares of the Company.

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Authorised for lodgement by the Yancoal Disclosure Committee
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