*An investment in the Shares involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with all other information contained in the prospectus, before deciding whether to invest in the Shares. If any of the following events occur or if these risks or any additional risks not currently known to us or which we now deem immaterial materialise, our business, financial condition, results of operations and our ability to meet our financial obligations could be materially and adversely affected. The market price of the Shares could fall significantly due to any of these events or risks or such additional risks, and you may lose your investment. The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition, results of operations and prospects.*

## RISKS RELATING TO OUR BUSINESS AND INDUSTRY

### Coal prices are cyclical and subject to fluctuations, and any significant decline in the prices we receive for our coal products would materially and adversely affect our business, financial condition and results of operations.

Substantially all of our revenue is derived from the sale of coal products, and therefore our results of operations are highly dependent upon the prices we receive for our coal. In developing our business plan and operating budgets, we make certain assumptions regarding future coal prices and demand for coal. Coal prices are cyclical and fluctuate depending on conditions in the global and regional coal markets. These markets are sensitive to changes in coal mining capacity and output levels, the outcome of future sale contract negotiations, patterns of demand and consumption of coal, environmental, coal import and other regulations, technological developments, the price and availability of competing coal and alternative fuel supplies, changes in international freight rates or other transportation infrastructure costs, changes in foreign exchange rates, labour disruptions, economic downturns, the status of global, regional and local credit markets, and other macroeconomic conditions. As a consequence of any of these factors, the underlying coal price assumptions relied on by us may change and actual coal prices and demand may differ from those expected.

Specifically, the prices for our coal products are affected by conditions in the Asia-Pacific region, particularly in the major coal supplying countries such as Australia and Indonesia, and the major coal consumption countries such as the PRC, India, Japan and South Korea, as well as the coal consumption patterns of the electricity generation and steel industries which are the principal end consumers of our coal products. Power generation from coal remains a cost-effective form of energy, and new thermal generation capacity continues to be installed, in many of our key Asian markets. However, the increasing focus on renewable energy generation and environmental regulations, and the consequential decline in electricity generation from fossil fuels, is expected to result in the share of coal powered electricity generation reducing from 41% of global electricity generation in 2017 to 39% by 2020. A decrease in thermal electricity generation may consequently result in reduced demand for thermal coal. Demand for metallurgical coal, which is widely used in steel production, may decline if adverse conditions in the infrastructure and property sectors in our key markets result in lower demand for steel. The PRC's rapid economic growth, its investment in major infrastructure projects and its shift from being a net exporter of coal to a net importer was a major contributor to the growth in coal demand in the past decade. The pace of economic growth in the PRC has slowed, and while there is optimism regarding demand

for metallurgical coal in markets such as India in the long term, this may not be sufficient to replicate the scale of the PRC's demand over the past decade. See "*Industry Overview*". Coal demand and prices may also be affected by the recent tariffs imposed by the U.S. government on steel and other products imported from various countries. In response, certain countries have imposed tariffs on U.S. exports, and others have sought recourse to the World Trade Organisation. While we are not able to predict the outcome of these trade disputes or their effect on our business, it is possible that they will affect demand and prices in our industry.

Local factors also affect coal prices. With the PRC government, which has had significant influence on coal supply and demand, relaxing its domestic production restrictions in December 2016, premium thermal coal spot prices have moved over a broad range from US$98.5 per tonne at the end of 2016 to a low of US$71 per tonne in May 2017 to a high of US$123 per tonne in July 2018. Hard coking coal prices were affected when Cyclone Debbie struck the Queensland coast in 2017, resulting in a substantial increase in the price of premium hard coking coal to an average of US$209 per tonne for the year, an increase of approximately US$100 per tonne compared to 2016. See "*Industry Overview*" and "*Financial Information of the Group – Significant Factors affecting our Results of Operations and Financial Condition – Price and Sales Volume of Coal – Sales Price*". Strong demand and limited supply due to these and other factors have resulted in high coal prices prevailing in the market since the middle of 2017. Both thermal coal and metallurgical coal prices are expected to decline in the next few years.

In November 2018 China imposed a quota on imports of coal, following which China has halted coal imports for the remainder of the year. We believe that this development will not have a material impact on us. However, if the Chinese government were to impose stricter import quotas for 2019 or future periods, our revenues and results of operations in future periods could be adversely affected, unless we are able to find alternative destinations for the coal we designate for export to China.

Our sales contracts provide for either fixed or indexed pricing arrangements. In 2015, 2016 and 2017 and the six months ended 30 June 2018, approximately 7.0%, 12.5%, 9.5% and 9.0% of our coal sales were made pursuant to fixed price arrangements with a term of more than 12 months and approximately 93.0%, 87.5%, 90.5% and 91.0% of our coal sales were made pursuant to indexed pricing arrangements referenced to various product categories, such as the globalCOAL NEWC index, API5 and Platts. However, spot pricing has become significantly prevalent in the market, particularly for metallurgical coal, which may contribute to price fluctuations as buyers and sellers on the spot market are more sensitive to market volatility. If we are required to renegotiate or adjust prices under our coal supply agreements in a manner that results in a sustained decline in the prices we receive for our coal products, our business, financial condition and results of operations would be materially and adversely affected.

**Our coal production is subject to conditions and events beyond our control that could result in high expenses and decreased supply.**

Our financial performance is dependent on our ability to sustain or increase coal production and maintain or decrease operating costs on a per tonne basis. Our coal production and production costs are subject to conditions and events beyond our control

which could disrupt our operations and have a significant impact on our financial results. Adverse operating conditions and events that we have experienced in the past or may experience in the future include:

- changes or variations in coal quality or geologic, hydrologic or other conditions, such as deterioration of seam quality, variations in the thickness of the coal seams, excessive groundwater or inability to safely or economically manage gas risks;

- critical mining, processing and loading equipment failures and unexpected maintenance problems, such as unforeseen delays or complexities in installing and operating longwall mining systems;

- difficulties associated with mining under or around surface obstacles;

- adverse weather and natural disasters, such as heavy rains and flooding, lightning strikes, hurricanes or earthquakes;

- accidental mine water discharges, coal slurry releases and failures of an impoundment or refuse area;

- ground or slope failures;

- excessive drought leading to a lack of efficiencies in the operation of site water;

- mine safety accidents, including fires and explosions from methane and other sources (see also "– *Our operations may be affected by uncertain mining conditions and we may suffer losses resulting from mining safety incidents, which may not be covered by our insurance*.");

- a shortage of skilled and unskilled labour;

- strikes and other labour-related interruptions;

- security breaches or terrorist acts;

- fatalities, personal injuries or property damage arising from unexpected hazards or incidents; and

- competition or conflicts with other natural resource extraction activities and production within our operating areas.

These conditions and events could also adversely affect the value of our coal inventories, which we state at the lower of cost, which is assigned on a weighted average basis and includes direct materials, direct labour and certain overheads, and net realisable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We write down coal stocks from cost to net realisable value when we determine that such write down is appropriate in the course of assessing our stocks for obsolescence. Coal stock write downs amounted to A$12 million, A$1 million, A$1 million and A$1 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively.

Our coal supply agreements typically require the delivery of a fixed or minimum quantity of coal at a location, at a time and over a period stipulated in the agreement. To the extent that any contracted volumes cannot be delivered as agreed, we may be liable to pay compensation for the resulting losses, costs and charges (including demurrage) incurred by the buyer. Further, there may be changes in the costs of our mining and processing operations as well as capital costs, including due to unforeseen events such as international and local economic and political events, movements in exchange rates or unexpected geological or mining conditions. Any disruption of our operations or increase in costs due to any of the events or conditions described above or otherwise could have a material adverse effect on our business, financial condition and results of operations.

In addition, our mining operations are concentrated in a limited number of mines. Our three flagship mines, HVO (which is operated as an unincorporated joint venture with Glencore), MTW and Moolarben, together accounted for approximately 91.6% of the total coal sales (on an attributable basis) from our mines in the six months ended 30 June 2018 on a pro forma basis (as if the Moolarben Acquisition, the C&A Acquisition, the Warkworth Transaction and the Glencore Transaction had been completed on 1 January 2017), as well as 93.3% of the Coal Reserves and 93.6% of the Marketable Coal Reserves in mines we have ownership interests in and operate as at 30 June 2018 (on a 100% basis). As a result, the effects of any of these conditions or events may be exacerbated and may have a disproportionate impact on our business, financial condition and results of operations.

**Coal markets are highly competitive and are affected by factors beyond our control.**

We face competition in all aspects of our business, including sales and marketing, pricing of coal, production capacity, coal quality and specifications, transportation capacity, cost structure and brand recognition. Our coal business competes in the domestic and international markets with other large domestic and international coal producers. In addition, ongoing consolidation in the Australian coal industry has increased the level of competition we face. Our competitors in Australia include Peabody Energy, Whitehaven, Centennial Coal and New Hope among the pure-play coal producers, and Glencore, BHP and Anglo American among the diversified mining companies. Our principal competitors in the Asian seaborne market include major Indonesian coal companies such as PT Bumi Resources Tbk and PT Adaro Energy Tbk. We also face competition in our end markets such as the PRC and India, as well as from other coal exporting nations such as the United States, Canada, South Africa, Colombia and Russia.

Production costs are a key competitive differentiator in the coal mining business. Factors that directly influence coal producers' production costs include the geological characteristics of their coal deposits such as the depth of underground reserves (for underground mines) and the strip ratio of open cut reserves (for open cut mines), transportation costs, and labour availability and cost. Furthermore, our competitors may have higher production capacities, stronger brand names and better financial, marketing, distribution and other resources than we do. We may not be able to maintain our competitiveness if changes or developments in the market weaken our existing competitive advantages. Efforts by our competitors to improve the quality of their coal may render obsolete or irrelevant any competitive advantage we have over them. Over the past two decades, a growing world coal market and increased demand for coal worldwide have attracted new investors to the coal industry, encouraged the development of new mines and the expansion of existing mines in various countries,

including Australia and the PRC, and resulted in added production capacity throughout the industry. Subsequent overcapacity in the industry has contributed, and may in the future contribute, to lower coal prices. Our inability to maintain our competitive position as a result of these or other factors could have a material adverse effect on our business, financial condition and results of operations.

**Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production shutdowns and fatalities, and further such incidents and outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown.**

In 2017, the Austar mine, which is owned by Watagan and managed by us, produced approximately 1.7 Mt of semi-hard coking product coal and as at 30 June 2018 had JORC ROM Coal Reserves totalling 41 Mt and Marketable Coal Reserves totalling 31 Mt. Multiple incidents have occurred at the mine due to coal bursts and other occurrences. A major incident in the maingate A9 development panel in the Stage 3 area of the Austar mine on 15 April 2014 led to the death of two workers. The Resources Regulator, which is now part of the Department of Planning and Environment of the New South Wales government, regarded the incident as serious and a possible contravention of health and safety laws, and conducted an investigation into the matter including the mine's safety managements systems and the level of compliance with health and safety laws by officers. The investigation identified that the incident was a result of a pressure burst of such magnitude and volume as to render the installed rib support ineffective. Following the investigation, the Resources Regulator notified Yancoal Australia Ltd and Austar Coal Mine Pty Ltd in April 2016 that it had decided not to institute prosecution proceedings.

On 19 August 2016, a coal burst occurred in longwall panel B2 in the Bellbird South working area of the Austar mine. A prohibition notice was issued by the Resources Regulator in relation to the incident. A prohibition notice is a direction to prohibit an activity issued when a mine inspector reasonably believes that there is a serious risk emanating from an immediate or imminent exposure to a hazard. The prohibition notice in relation to the Austar mine was cancelled on 14 September 2016. Additional safety controls were implemented at the mine, including the introduction of coal burst protection conveyor mats supported from the flippers of the longwall shields, the deployment of restricted face zones on the longwall face and the use of shield flippers to provide protection to workers, and these controls have been subsequently improved over time. No proceedings were commenced by the Resources Regulator in relation to this incident and the option of the Resources Regulator to commence such proceedings expired on 19 August 2018.

On 2 February 2018, an initial coal burst occurred in longwall panel B4 of the Bellbird South area of the Austar mine which resulted in minor injuries to a worker. A prohibition notice was issued as a result of that incident. This notice was varied by a replacement prohibition notice on 8 February 2018 which ceased to have effect on 21 February 2018. Subsequently, a series of coal bursts occurred in longwall panel B4 in the Bellbird South area of the Austar mine on 21 February 2018, 23 February 2018, 13 March 2018 and 15 March 2018, none of which resulted in any injuries to workers although the 23 February 2018 event caused damage to the longwall shearer. Another coal burst occurred on 16 March 2018, and while no injuries were caused a prohibition notice was issued by the Resources Regulator. This prohibition notice was subsequently replaced with a fresh prohibition notice on 9 April 2018, which was in turn replaced by another notice on 12 May 2018 that allowed limited mining activities. An additional coal

burst occurred on 17 May 2018 which did not result in any injuries, but caused damage to the longwall shearer and resulted in another prohibition notice being issued on 18 May 2018.

Between 19 February 2018 and 24 May 2018, we made a series of submissions to the Resources Regulator seeking to have the prohibition notices dated 12 May 2018 and 18 May 2018 cancelled. On 1 June 2018, we were notified by the Resources Regulator that its investigation unit had commenced an investigation into all coal bursts that have occurred at the Austar mine since 15 April 2014. As part of this investigation, four notices to obtain documents, information and evidence were issued, which were complied with on 22 June 2018, 27 June 2018, 31 July 2018 and 15 August 2018 respectively, as required. Inspectors from the investigation unit commenced interviews with longwall deputies in the last week of July 2018 and their investigation is ongoing and the results are pending. Four further notices to obtain documents, information and evidence were issued by a separate section of the Resources Regulator, which were complied with on 26 June 2018, 10 July 2018, 20 August 2018 and 24 August 2018 respectively, as required.

Following agreement as to the provision of limited information to the Resources Regulator, the two prohibition notices dated 12 May 2018 and 18 May 2018 were cancelled on 30 July 2018 and 3 August 2018, respectively. Operations at Austar recommenced on 14 August 2018 subject to certain restrictions and remediation measures set out in a notice issued by the Resources Regulator on 3 August 2018. This prohibition notice imposes certain conditions (e.g. with respect to stress measurement tests, amongst other things) relating to mining up to a particular location in the current B4 longwall panel where the longwall equipment will then be recovered and relocated to the next longwall panel for further mining. On 30 August 2018 operations were halted on account of technical issues related to de-stressing activity in certain areas of the long wall, and on 5 September 2018 a prohibition notice was received relating to this activity which was cancelled on 28 September 2018. As at the Latest Practicable Date, the prohibition notice issued on 3 August 2018 remained in force. The nature of the geological and technical challenges faced at the Austar mine exposes us to the risk of future prohibition notices and production delays at the mine.

For further details, see "*Business – Health, Safety and Environmental Matters – Safety Incidents*."

These incidents have resulted in production shutdowns, increased expenses and consequent loss of revenue from the Austar mine. Ongoing work is being undertaken by Watagan in respect of the very challenging geological and geotechnical conditions at the mine, including both the Bellbird South and Stage 3 areas. If similar incidents occur in the future or if it is determined by Watagan that normal operations cannot be recommenced or continued at Austar, or production needs to be stopped indefinitely or permanently, it is likely that the fair value of the mine will be reduced materially, which would adversely affect our financial condition and results of operations.

**We will be required to re-consolidate Watagan once we re-acquire control of it, which could result in adverse consequences to our financial condition and results of operations.**

Effective on and from 31 March 2016, the Company entered into certain financing arrangements with Watagan (a newly established subsidiary of the Company at the time), Industrial Bank Co., Ltd ("**IBC**"), BOCI Financial Products Limited ("**BOCIF**") and United NSW Energy Limited ("**UNE**" and together, the "**Bondholders**"). These

arrangements involved the issue of US$775 million nine-year secured bonds by Watagan to IBC, BOCIF and UNE (the "**Watagan Bonds**"), a loan facility agreement between Watagan and the Company, and certain other agreements or deeds ancillary to the issue of the bonds (together, the "**Watagan Agreements**").

In accordance with the terms of the Watagan Agreements, our interests in the Ashton, Austar and Donaldson mines were transferred to Watagan for consideration of A$1,363 million (equal to the book value of the three mines at the time). Watagan fully funded the purchase with an A$1,363 million loan from us bearing interest at the bank bill swap bid rate on the first day of each interest period plus 7.06% with a maturity date of 1 April 2025. The outstanding interest and principal of this loan is guaranteed by Yankuang, our ultimate controlling shareholder. Watagan can make prepayments of the outstanding loan balance at any time, and (subject to there being no default continuing and other customary conditions) any amounts prepaid may be redrawn by Watagan in the future for specified permitted purposes. As at 30 June 2018 the loan receivable from Watagan was A$730 million (re-drawable to A$1,363 million).

While we wholly-own Watagan, upon the issuance of the Watagan Bonds, the Bondholders were given the power to nominate two of its three directors, which together with other terms included in the Watagan Agreements resulted in the determination that we had lost accounting control of Watagan. The loss of accounting control resulted in us deconsolidating the financial results of Watagan as a subsidiary from our consolidated financial statements with effect from 31 March 2016. From that time, we began to account for our equity interest in Watagan as an associate rather than a subsidiary. We also designated the value of the Ashton, Austar and Donaldson mines as assets classified as held for sale as at 31 December 2015, pending completion of their transfer to Watagan in early 2016. While Watagan is deconsolidated from our consolidated financial statements for accounting purposes, Watagan remains within our tax consolidated group as a result of our ongoing 100% equity ownership of Watagan.

The determination of loss of accounting control of Watagan is a matter of accounting judgement, which could be subject to review and change. The International Financial Reporting Standards ("**IFRS**") under which we prepare our financial statements requires us to make certain judgements and estimates when preparing our financial statements, and are issued by the International Accounting Standards Board ("**IASB**"), along with other authoritative pronouncements and interpretations. The IASB or other agencies and authorities may not agree with the judgements or estimates applied by us. Moreover, the IASB may amend IFRS and the related pronouncements and interpretations or replace them with new standards, and such amendment or replacement is beyond our control. Any changes to IFRS or to the interpretation of those standards, such as a change which would require us to reconsolidate Watagan's results and financial position ahead of the scheduled date in 2025, may have an adverse effect on our reported financial performance or financial position.

Watagan is required to redeem all of the outstanding Watagan Bonds on the maturity date of 8 January 2025 (if the put option is exercised on or after 1 January 2025, the maturity date would be deferred to 1 April 2025), and may elect to redeem any or all of them commencing from 31 March 2019. Additionally, the Bondholders have a put option that allows them to transfer the issued Watagan Bonds at face value to Yankuang during specified put option exercise windows during the first week of January in each of 2019, 2021, 2023 and 2025. The Bondholders may also exercise the put option after 1 January 2019 while an event of default under the bond terms is subsisting in relation to Watagan or Yankuang. The put option must be exercised by a Bondholder in respect of all (but not some) of its respectively held bonds. If the put option is exercised (i) by UNE,

as the instructing Bondholder of the investor syndicate, or (ii) with respect to at least 50.1% of the face value of the Watagan Bonds, the put option will be deemed to have been exercised as to all of the bonds.

In accordance with the Watagan Agreements, if Yankuang becomes the sole bondholder of the Watagan Bonds following the purchase of the bonds by Yankuang consequent to the exercise of the put option, certain bondholder rights, including the right to nominate a majority of the board of directors, would terminate, and these rights would revert to the Company as the sole shareholder of Watagan. Watagan would thereafter owe an amount payable to Yankuang for the face value of the put bonds, minus any capitalised interest. Watagan would separately pay to the exercising Bondholders the accrued interest and any capitalised interest on the put bonds.

If (i) Bondholders holding a sufficient proportion of the principal amount of the Watagan Bonds exercise their put option to Yankuang, such that Yankuang acquires all of the bonds (ii) Watagan redeems all of the Watagan Bonds or (iii) certain other events occur (such as a change to the terms and conditions of the Watagan Bonds that gives us the power to nominate the majority of the board of Watagan) that would result in us regaining control of Watagan, we will be required to reconsolidate Watagan as a subsidiary into our consolidated financial statements from the time that control is determined to be regained. We do not currently have any plan or intention to effect the early redemption of the Watagan Bonds.

Upon reconsolidation, we will (i) cease to recognise interest income on the Watagan loan, which in the year ended 31 December 2017 and the six months ended 30 June 2018 was A$67 million and A$32 million, respectively, forego the margin recognised under the various service agreements, and de-recognise the Watagan loan receivable, which as at 30 June 2018 was drawn to A$730 million, as these amounts will become intercompany balances and will be eliminated on consolidation; (ii) recognise an interest expense on the Watagan Bonds (or the Yankuang loan if the put option has been fully exercised), which during the year ended 31 December 2017 and the six months ended 30 June 2018 was A$102 million and A$35 million, respectively, and recognise the fair value of the Watagan Bonds at that time, which as at 30 June 2018 had a book value of A$1,049 million; and (iii) recognise the operating results of Watagan, including the three Watagan Mines, in our statement of profit and loss and recognise the fair value of the assets and liabilities of Watagan (including the Watagan Bonds) on our balance sheet at that time. In 2016 and 2017 and the six months ended 30 June 2017 and 2018, Watagan had loss after tax of A$162 million, A$58 million, A$7 million and A$90 million, respectively. See note 23(a) to the Accountants' Report of the Group in Appendix IA to this prospectus for further stand-alone financial information of Watagan during the Track Record Period.

The loss after tax of A$162 million in 2016 was due in significant part to the Austar mine only commencing longwall mining activities in the Bellbird South area half way through the year following a fatal incident in the Stage 3 area in 2014. The improvement in performance to a loss after tax of A$58 million in 2017 was primarily due to an improvement in coal prices between the periods and a full year of production at Austar, partially offset by an increase in finance costs primarily due to an additional A$30 million of interest owing to the bondholders due to Watagan achieving an EBITDA related threshold. The loss of A$90 million in the six months ended 30 June 2018 was primarily due to a significant reduction in production at the Austar mine due to the occurrence of multiple coal bursts resulting in repeated shutdowns during the period. See "*Risk Factors – We will be required to re-consolidate Watagan once we re-acquire control of it, which could result in adverse consequences to our financial condition and results of*

*operations*” and “*Risk Factors – Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production shutdowns and fatalities, and further such incidents and outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown*”.

Since Watagan has thus far been loss-making and has incurred ordinary course depreciation and amortisation, the book value of Watagan’s net assets has declined since inception and at 30 June 2018 was negative A$311 million as noted in Appendix IA to this prospectus. The book value decline is not necessarily an indicator of Watagan’s fair value. If the fair value of Watagan’s net assets is negative (meaning that the value of its assets is lower than the value of its liabilities, including any outstanding loan balances) at the time of reconsolidation, goodwill will be recognised by the Company. This goodwill will be subject to impairment testing based on the cash generating units to which it is allocated. To the extent that any goodwill recognised cannot be supported by an impairment model, it will be written off by the Company as a loss on acquisition. Similarly, if, prior to reconsolidation and while we recognise a loan receivable from Watagan, there is a determination of a decline in the fair value of Watagan, an impairment assessment of the carrying value of the outstanding loan balance will be required. As at 30 June 2018, the total assets of the Company were A$11,914 million and the total liabilities of the Company were A$6,649 million, and the total assets of Watagan were A$1,783 million and the total liabilities of Watagan were A$2,094 million. The impact of reconsolidating Watagan as at 30 June 2018, without reflecting any fair value adjustments that may arise on reconsolidation (including the recognition of any potential goodwill as noted above), and after intercompany balance eliminations of A$827 million for both total assets and total liability, would be material. Our gearing ratio (which is calculated as gross debt divided by total equity at the end of the relevant period) would exhibit a material increase from our gearing ratio of 0.81x as at 30 June 2018, primarily due to Watagan’s interest-bearing debt and negative equity position as at that date.

During the Track Record Period, Donaldson’s remaining Abel underground mine was moved to a care and maintenance phase and feasibility studies were subsequently commenced to explore potential future mining operations. In addition, multiple incidents have recently occurred in the Austar mine’s Bellbird South area due to coal bursts and other occurrences. These incidents have resulted in property and site damage and consequent loss of production and shutdowns, including as a result of the regulator issuing notices to stop production for periods of time, during the Track Record Period. Ongoing work is being undertaken by Watagan in respect of the very challenging geological and geotechnical conditions at the Austar mine, including both the Bellbird South and Stage 3 areas that may have a significant adverse impact on future commercial operations. See “*– Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production shutdowns and fatalities, and further such incidents and outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown*” for further details.

The future prospects of the Donaldson and Austar mines are therefore uncertain, and will depend upon the work currently being conducted by Watagan and its advisers. If it is determined, by Watagan, that either or both mines are unable to return to previously forecast levels of production, there is a need to proceed to a permanent shutdown, or there are materially negative changes to other operating assumptions, including coal prices, exchange rates, operating costs or capital expenditure, it is likely that the fair value of those mines, and therefore of Watagan, would be reduced materially. In that event, a material impairment charge may be recognised on the

Watagan loan receivable, prior to reconsolidation, or any goodwill recognised on reconsolidation. In addition, the Bondholders may be more inclined to exercise the put option which, as described above, will result in the reconsolidation of Watagan. We do not control Watagan and as such are not able to control or predict the amount of any such impairment or the extent of the resulting effect on our financial condition and results of operations, which could be material and adverse. See also "*– Our assets may be subject to impairment risks which could adversely affect their value.*"

**We derive a significant portion of our revenue from a limited number of customers, and the loss of, or a reduction in, sales to any of these customers could materially and adversely affect our business, financial condition and results of operations.**

We generate a substantial portion of our total coal sales from a small number of customers. In 2015, 2016 and 2017 and the six months ended 30 June 2018, our top five customers accounted for 47.8%, 38.8%, 32.3% and 33.8% of our revenue, respectively, in the aggregate, and our top three customers accounted for 39.5%, 29.1%, 21.7% and 26.5% of our revenue, respectively, in the aggregate. The Noble Group Limited and its affiliated entities (the "**Noble Group**") was one of our largest customers by revenue in 2015, 2016 and 2017. We expect revenues from the Noble Group as a percentage of our total revenues to decline as a result of the ad hoc nature of contracts, price movements and spot volumes and spot volume variations. Our current coal sales contract with the Noble Group is due to expire in December 2018.

Through Yancoal Australia Sales Pty Ltd, a subsidiary of the Company, we also commenced arbitration proceedings against the Noble Group in May 2018 seeking relief, including damages, on account of the Noble Group failing to purchase coal under an existing contract. This contract provides for de facto liquidated damages payments from Noble Group in the event that the Noble Group fails to purchase coal from us, which represents the amount claimed by us in these proceedings. As at the Latest Practicable Date, this claim is in the early stages of arbitration proceedings. In a separate matter, on 3 August 2018, the Noble Group commenced proceedings in the Supreme Court of New South Wales (an Australian State court) purporting to terminate a marketing services contract, claiming an allegedly unpaid marketing fee for 2014, damages for losses said to arise from alleged breaches of the contract in 2015 to 2017, and damages for "loss of bargain" as a result of the alleged repudiation of the contract by Gloucester Coal, a subsidiary of the Company. The Noble Group also alleges that the Company caused or procured Gloucester Coal to breach the contract. The claim derives mainly from the Noble Group's allegation that Gloucester Coal failed to notify and pay marketing fees, and to provide certain information to the Noble Group so as to allow the Noble Group to verify the marketing fees payable (if any), which allegedly had the effect of Gloucester Coal repudiating the contract. As at the Latest Practicable Date, the parties continue to exchange pleadings in respect of the proceedings. See "*Business – Legal Proceedings and Non-Compliance*" for further details.

We expect that our revenues will continue to depend on sales to a limited number of major customers for the foreseeable future and the loss of one or more of these major customers, or a significant deterioration in our relationship with them, could materially and adversely affect our business, financial condition and results of operations.

**Fluctuations in transportation costs and disruptions to our railway and port linkages could disrupt our coal deliveries and adversely affect our business, financial condition and results of operations.**

We rely primarily on third party operated railway networks and ports to transport and deliver coal to our customers. Transportation costs are a significant expense and

accounted for 19.8%, 21.6%, 12.0% and 11.7% of our total revenue in 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. See also "*Business – Infrastructure, Transportation and Logistics*" and "*Financial Information of the Group – Significant Factors Affecting our Results of Operations and Financial Condition – Price and Sales Volume of Coal – Sales Volume.*"

A deterioration in the reliability of services provided by our transportation service providers or disruptions to any of the transportation services we rely on due to weather-related problems, key equipment or infrastructure failures, industrial action, rail or port capacity constraints, congestions, failure to obtain consents from third parties for access to rail or land, access being removed or not granted by regulatory authorities, failure or delay in the construction of new rail or port capacity, terrorist attacks or other events could impair our ability to supply coal to our customers, resulting in decreased shipments and revenue. In December 2017, the Queensland Competition Authority issued a draft ruling that would reduce the rate of return that can be charged by Aurizon, the only major coal rail network operator in Queensland, on its network routes. In response, Aurizon decided to modify its maintenance practices, as a result of which its customers will not be able to arrange for the transportation of coal in excess of the capacity guaranteed under the terms of their contracts with Aurizon. These events have not had any significant effects on the operations of Middlemount and Yarrabee, our Queensland mines, since our current production volumes from these mines are less than the transportation capacity agreed with Aurizon. However, if the production volumes from these mines increase significantly, we may not be able to transport all of the increased volume. Further, significant increases in transport costs due to factors such as the introduction of emissions control requirements and fluctuations in the price of diesel fuel and demurrage could make our coal less competitive when compared to coal produced from other regions. Disruptions in shipment or increase in costs over longer periods of time could cause our customers to look to other sources for their coal needs, negatively affecting our business, financial condition and results of operations.

We also enter into transportation agreements with national and privately operated railway networks, rail haulage operators and ports to secure transportation capacity, generally via long-term take-or-pay arrangements. As the transportation capacity secured by these agreements is based on assumed production volume, we may have excess transportation capacity (which, in the case of take-or-pay agreements, we will have to pay for even if unused) if our actual production volume is lower than our estimated production volume. Conversely, we may not have sufficient transportation capacity if our actual production volume exceeds our estimated production volume or if we are unable to transfer the full capacity due to contractual limitations such as requirements for the coal to emanate from specified source mines or be loaded onto trains at specified load points. We currently have excess port capacity commitments across our New South Wales operations, which represents a significant cost of operations. In 2017 we reduced our take-or-pay exposure for contracted but unutilised capacity to A$65 million in excess of planned sales (including take-or-pay contracts obtained under the C&A Acquisition) from A$74 million in 2016 (on a 100% basis including Middlemount). For 2018, the take-or-pay commitments are estimated to total approximately A$43 million in excess of our expected access requirements. Our logistics team continues to implement strategic measures to reduce our take or pay exposures, including the trading of our under-utilised contracted capacity between sites and with third parties on an ad hoc basis. However, we may not be able to materially reduce our take-or-pay commitments through such means, or at all.

**Our sales contracts with customers allow them to terminate the contracts upon the occurrence of certain events.**

Our sales contracts generally contain provisions that allow our customers to suspend or terminate the contracts if, depending on the contract:

- we commit a material breach of the terms of the contract;
- a change in law restricts or prohibits a party from carrying out its material obligations under the contract;
- we become insolvent, pass a resolution for winding up, institute or have instituted against us any proceedings for insolvency or are subject to similar occurrences;
- any document which secures, guarantees or otherwise supports the performance of our obligations under the contract is terminated or expires, or we materially breach the terms of or disaffirm or reject any such document; or
- a material adverse change occurs in our financial standing or creditworthiness such that in the reasonable opinion of our customer (exercising good faith), our ability of to perform our obligations under the contract becomes materially impaired.

See also "*Business – Marketing and Sales Arrangements*". If our customers were to terminate our sales contracts for these reasons or otherwise, our results of operations would be adversely affected.

**Our existing and future indebtedness could restrict our financial and operational flexibility and adversely affect our financial condition.**

As at 30 June 2018, we had A$4,300 million of indebtedness, of which A$17 million will mature within one year and A$2,414 million will mature within two to five years. Our existing and future indebtedness could have important consequences in relation to our business. For example, it could:

- make it more difficult for us to pay or refinance our debts as they become due during adverse economic and industry conditions because any related decrease in revenues could cause us to not have sufficient cash flows from operations to make our scheduled debt payments;
- subject us to operating restrictions that limit our flexibility in planning for changes to our business and limiting our ability to pursue our strategic growth plans;
- force us to seek additional capital, restructure or refinance our debts, or sell assets;
- cause us to be less able to take advantage of significant business opportunities such as acquisition opportunities and to react to changes in market or industry conditions;
- cause us to use a portion of our cash flow from operations for debt service, reducing the availability of working capital and delaying or preventing investments, capital expenditure, research and development and other business activities;

- cause us to be more vulnerable to general adverse economic and industry conditions;
- expose us to the risk of increased interest rates because certain of our borrowings are at variable rates of interest;
- expose us to the risk of foreclosure on substantially all of our assets and those of most of our subsidiaries, which secure certain of our indebtedness, if we default on payment or are unable to comply with covenants or restrictions in any of the agreements; and
- limit our ability to borrow, or increase the cost of borrowing, additional monies in the future to fund working capital, capital expenditure and other general corporate purposes.

Our ability to meet our debt service obligations will depend on our future cash flow from operations and our ability to restructure or refinance our debt, which will depend on the condition of the credit and capital markets and our financial condition.

Further, we are subject to various financial covenants under the terms of our banking facilities. These covenants may, for example, require the maintenance of a minimum net worth, net tangible assets or interest cover ratio or a maximum gearing or leverage ratio. Factors such as adverse movements in interest rates and coal prices, appreciation of the A$, deterioration of our financial performance or change in accounting standards could lead to a breach in financial covenants. If there is such a breach, the relevant lenders may require their loans to be repaid immediately or cancel the further availability of their facilities. Some covenant breaches may not be an immediate default but may restrict our ability to make distributions or otherwise limit expenditure.

As a shipper in the NCIG and WICET terminals, some of our source mines are required to maintain a specified minimum level of Marketable Coal Reserves. Non-compliance with this requirement may ultimately result in the termination of the individual contracts and require the payment of our share of any outstanding senior debt in those entities and terminals.

**We may not be able to meet our capital expenditure requirements or secure additional financing on favourable terms, whether from external sources or our major shareholders, in the future.**

Our business is capital intensive and will require substantial expenditure for, among other things, the construction of our key projects, machinery and equipment and operational capital expenditure. We had capital expenditure of A$333 million, A$383 million, A$345 million and A$84 million in 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively, which included, for example, projects such as the Moolarben expansion.

We intend to use cash on hand, funds from operations and additional debt and equity financing to finance our current and future capital expenditure. However, we may not be able to obtain sufficient amounts of capital in a timely manner, on terms acceptable to us, or at all, which could result in a material adverse effect on our business, financial condition and results of operations.

Our debt obligations of A$4,300 million as at 30 June 2018 could have significant consequences for our operations, including reducing the availability of our cash flow to fund working capital, capital expenditure, acquisitions and other general corporate purposes as a result of our debt servicing obligations, limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, our industry and the general economy and potentially limiting our ability to obtain, or increasing the cost of, any additional financing. Our business operations and cash flows are highly sensitive to any fluctuation in the US$ coal price, movements in the A$:US$ exchange rate and coal production from our operations. Accordingly, in developing our business plan and operating budget, we have made certain assumptions regarding coal prices, the A$:US$ exchange rate, future production levels and other factors which determine our financial performance. The actual amount of funding required in the future will depend on a number of factors, including the performance of our business at that time, and may differ from our estimates of capital expenditure required. In addition, our business plans may change from time to time due to changing circumstances, new opportunities or unforeseen contingencies. If our capital expenditure requirements differ from our estimates or we change our business plans, we may need to obtain additional external financing to meet our capital expenditure plans, which may include bank borrowings or issuances of debt securities.

We may not be able to raise sufficient financing to fund our future capital expenditure and service our debt obligations or at all. Further, there is no guarantee that we will be able to refinance our existing committed credit facilities on favourable terms as and when the existing facilities mature. More specifically, US$1.95 billion of our debt as at 30 June 2018 would have become due for repayment in between 2020 and 2022, and we may not be able to refinance this debt. A number of investment groups and financial institutions have announced either a change in, or intention to consider a change in, investment mandates so their groups can no longer invest in or lend to companies with coal exposure. This may impact our ability to refinance our existing debt and to attract new financing.

If a funding shortfall materialises, we may be required to rely on our shareholders, including Yanzhou, to fulfil our funding requirements. Yanzhou has provided us with a A$1.4 billion loan facility (of which A$1.1 billion had been drawn as at 30 June 2018) to support the ongoing operations and the expansion of the Group and enable it to pay debts as and when they fall due. In addition, Yanzhou had provided a letter of support pursuant to which, unless revoked by giving not less than 24 months' notice, for so long as it owns at least 51% of the Shares, it will ensure that the Company continues to operate so that it remains solvent. On 28 July 2017, Yanzhou reconfirmed to the Company that this undertaking remains in place on its current terms, and that Yanzhou has the financial capacity to perform its obligations under it. However, this undertaking may be revoked by Yanzhou by giving not less than 24 months' notice (or such shorter period as the Company may agree). In addition, depending on the form and terms of any funding to be provided by Yanzhou, minority Shareholder approval and other regulatory approvals may be required before that funding can be provided, and any such approvals may not be forthcoming. Yanzhou's support undertaking does not require Yanzhou to fund the Company in a manner which is non-dilutive to other Shareholders or to provide funding on non-commercial terms, and is also dependent on Yanzhou's financial capacity to perform its obligations under the Yanzhou support as and when called upon to do so. As a result, there is no guarantee that the Company can rely on Yanzhou's commitment to remain solvent.

Failure to obtain sufficient financing could cause delays or cause us to abandon our business development plans and have a material adverse effect on our business, financial condition and results of operations.

**We had net cash outflows from operating activities for certain periods during the Track Record Period.**

In 2015 and 2016, we recorded net cash outflows from operating activities of A$108 million and A$24 million, respectively, primarily attributable to our accounting losses we incurred in the respective periods. See "*Financial Information of the Group – Liquidity and Capital Resources – Cash Flows*" for further details. Given the cyclical nature of our industry, we cannot assure you that we will not record net cash outflows from operating activities in the future. In general, net cash outflows from operating activities may strain our liquidity and require us to meet the shortfall with cash on hand or cash generated from other activities. Any inability to do so could adversely affect our ability to meet our payment obligations as they become due or impede our ability to implement our business strategies as planned, which in turn could have a material adverse effect on our business, financial condition and results of operations.

**We have had negative reserves and accumulated losses during the Track Record Period, and did not declare or pay any dividends for 2015, 2016 or 2017.**

We had, on a consolidated basis, negative reserves and accumulated losses of A$880 million and A$535 million as at 31 December 2015; A$817 million and A$935 million as at 31 December 2016; A$413 million and A$764 million as at 31 December 2017; and A$554 million and A$403 million as at 30 June 2018. We did not declare or pay any dividends for 2015, 2016 or 2017. On 15 August 2018, we declared a dividend of approximately A$130 million on our ordinary shares, which was paid on 21 September 2018. The declaration and payment of this dividend is in compliance with the requirements of Section 254T of the Australia Corporations Act. Our profitability and our ability to pay dividends will vary from period to period and may not be predictable. For example, a significant contributor to our profitability in 2017 was other income, consisting of a gain on acquisition of A$177 million in connection with mine assets acquired from C&A and a reversal of impairment of mining tenements of A$100 million for the Moolarben mine, both of which are non-recurring items. We cannot provide any assurance that the Company's future results of operations will be sufficient to generate sufficient retained earnings to pay dividends to our shareholders. See "*– We may not declare dividends on our Shares in the future*".

**Our operating results have been, and may in the future be, materially affected by acquisitions, disposals and other strategic transactions that we have undertaken and may undertake in the future.**

Our historical financial results, including during the Track Record Period, have been materially influenced by our acquisitions, disposals and other strategic transactions. Specifically, on 1 September 2017, we completed the C&A Acquisition. The C&A Acquisition contributed to a substantial increase in our total assets from A$7,660 million as at 31 December 2016 to A$11,914 million as at 30 June 2018. In addition, we began consolidating the profit and loss accounts of C&A from 1 September 2017, the date of completion of the C&A Acquisition, and our results of operations for 2017 and the six months ended 30 June 2018 reflect the consolidation of C&A's results from 1 September 2017 to 30 June 2018. This contributed to the increase in our total revenue from A$1,238 million in 2016 to A$2,601 million in 2017, and our profit after income tax of A$246 million in 2017 compared to a loss after income tax of A$227 million in 2016. Similarly, our total revenue increased from A$832 million in the six months ended 30 June 2017 to A$2,347 million in the six months ended 30 June 2018, and we had a loss after income tax of A$14 million and a profit after income tax of A$361 million in the same periods. Prior to its acquisition by us, C&A itself had disposed of certain of

its mining operations in 2016, and undertook a restructuring of its interest in HVO. As a result, the financial information of C&A as disclosed in "*Financial Information of C&A*" is presented on a carve-out basis as if such interests were completed on 1 January 2015. However, the audited consolidated financial statements of C&A as disclosed in the Accountants' Report of C&A as set out in Appendix IB to this prospectus are presented without the carve-outs applied, save as indicated in note 36 therein. We also completed the Glencore Transaction and the Warkworth Transaction in 2018, both of which will influence our financial statements in 2018. See "*Financial Information of the Group – Acquisitions, Disposals and Deconsolidation.*" As a consequence, comparing our results of operations on a period-to-period basis is not meaningful.

**We will incur significant expenses upon closure or discontinuance of operations at our mines, which would have an adverse impact on our financial condition and results of operations.**

We may be required to close or discontinue operations at particular mines before the end of their mine life due to environmental, geological, geotechnical, commercial, health and safety or other issues. Such closure or discontinuance of operations could result in significant closure and rehabilitation expenses, employee redundancy costs and other costs or loss of revenues. If one or more of our mine sites are closed earlier than anticipated, we will be required to fund the closure costs on an expedited basis and potentially lose revenues, which would have an adverse impact on our financial condition and results of operations. In addition, there is a risk that claims may be made arising from environmental remediation upon closure of our sites. See also "*– Multiple coal bursts and other incidents have occurred at the Austar mine which have resulted in property and site damage, production shutdowns and fatalities, and further such incidents or outcomes may occur, including permanent shutdown. Investigations into challenging geological structures at Austar may lead to similar outcomes, including permanent shutdown.*"

Many of these costs will also be incurred where mines are placed on care and maintenance before the end of their planned mine life. A move to care and maintenance has the potential to trigger significant employee redundancy costs and a subsequent loss of revenues since ongoing management and rehabilitation of the mine requires a minimal employee presence, which would also have an adverse impact on our financial condition and results of operations. During the Track Record Period, mining ceased at Donaldson's Abel underground mine, which is owned by Watagan and managed by us, in June 2016. As at 30 June 2018, the mine had Coal Reserves of 62 Mt and Marketable Coal Reserves of 32 Mt. The mine was moved to a care and maintenance phase which resulted in some redundancies and incurred costs, although most of the mine workers were re-allocated to other mines. We do not expect further redundancies or related costs as a result of moving to care and maintenance at the Abel mine and have subsequently commenced feasibility studies to explore potential future mining operations.

**We operate through a number of joint venture and similar structures, and our operational and financial results will be affected by how these arrangements are managed.**

A significant portion of our business is operated though joint venture structures and entities in which we hold equity interests. We have a joint venture partnership in respect of Middlemount Coal Pty Ltd (in which we have a 49.9997% equity interest) and hold equity interests in Newcastle Coal Infrastructure Group Pty Ltd (in which we have a 27.0% equity interest) and Port Waratah Coal Services Limited (in which we have a 36.0% legal interest and a 30.0% effective interest). We also have the following material

unincorporated joint ventures: the Moolarben JV (in which we hold a 81.0% interest and have reached an agreement in principle to increase our stake to 85.0%, subject to final approvals and documentation), the Mount Thorley joint venture (in which we hold a 80.0% interest) ("**Mount Thorley JV**") and the Warkworth joint venture (in which we hold a 84.5% interest) ("**Warkworth JV**"). See "*Business – Our Mining Operations*".

With effect from 4 May 2018, we established a 51%:49% unincorporated joint venture between us and Glencore in respect of HVO, in which we acquired a 67.6% interest from Rio Tinto as part of the C&A Acquisition. Glencore acquired its 49% interest in consideration for US$1,139 million in cash, consisting of (i) US$710 million in consideration to HVO Resources Pty Ltd, a wholly owned subsidiary of Mitsubishi Development Pty Ltd ("**MDP**"), for its 32.4% interest in HVO and (ii) US$429 million in consideration to us for a 16.6% interest in HVO, in each case subject to final post-closing adjustments, plus the acceptance of a 27.9% share of US$240 million of non-contingent royalties and 49% of HVO contingent royalties payable by the Company in respect of the C&A Acquisition. The joint venture is jointly controlled through the JVMC whose powers include the approval of budgets, life of mine and year-by-year five year plans governing the HVO JV's activities, supervision of the manager of the joint venture, and the approval of development and expansion proposals. The JVMC comprises three representatives nominated by us and three representatives nominated by Glencore. The general manager of the joint venture is nominated by Glencore while the financial controller is nominated by us. The operations and financial results of HVO, which is our largest asset with Coal Reserves of 796 Mt and Marketable Coal Reserves of 554 Mt (in each case as at 30 June 2018 on a 100% basis) and whose marketable coal production in 2017 was 14.8 Mt, will depend on how we and Glencore manage and operate our joint venture in the future.

The success of our joint ventures depends on a number of factors, including the financial resources of the other shareholders and joint venture partners, their willingness and ability to honour their commitments under the joint venture agreements, the manner in which they exercise control, veto or other governance rights in respect of the joint venture, and the extent to which they cooperate in operational and strategic decisions with respect to the relevant mine. If we become engaged in material disagreements with our joint venture partners, the operational and financial results of the underlying mines may be adversely affected.

**Our investments in, and obligations with respect to, the Wiggins Island Coal Export Terminal may be adversely impacted by, among other things, the insolvency of its other shareholders.**

In 2010, Felix Resources Limited, now known as Yancoal Resources Limited ("**Yancoal Resources**"), a wholly-owned subsidiary of the Company and the shareholder of Yarrabee Coal Company Pty Limited, entered into a shareholders' agreement with WICET Holdings Pty Limited ("**WICET Holdings**"), its wholly owned subsidiary Wiggins Island Coal Export Terminal Pty Limited ("**WICET Pty Limited**") and certain other parties, in relation to the management of WICET Holdings and WICET Pty Limited. WICET Pty Limited owns and operates the Wiggins Island Coal Export Terminal ("**WICET**"). As at 31 December 2017, Yancoal Resources held a Class A ordinary share entitling it to a 9.38% voting interest in WICET Holdings, Gladstone long-term securities ("**GILTs**") issued by WICET Holdings of A$32 million and E Class Wiggins Island Preference Securities ("**WIPs**") issued by WICET Holdings of A$29 million. Further, Yarrabee Coal Company Pty Limited and the Company entered into a take-or-pay agreement with WICET Pty Limited, pursuant to which Yarrabee Coal Company Pty Limited and the Company as shippers are required to utilise certain services at WICET

or procure that a substitute shipper utilises such services. As a result, we may be liable to pay certain specified terminal handling charges for the services provided by WICET even if we are unable to utilise such services or procure their utilisation by a substitute shipper. Our terminal handling charges can also be adjusted by WICET Pty Limited if our share of its operational and finance costs increases, including because of increased operational costs or because another shipper defaults and has its capacity reduced to nil. While our liability to pay the finance cost component of such charges is under most circumstances subject to a cap, such payments may result in an increase in our expenses, which may affect our results of operations.

Under the terms of the agreements, Yancoal Resources holds one Class A share in WICET Holdings, as does each other shipper. A Class A shareholder's voting entitlement in WICET Holdings is equal to its contracted share of the total contracted WICET capacity. Each such shareholder has an indirect exposure to any bank debt owed by WICET Pty Limited ("**WICET Debt**") equal to its voting entitlement. If a Class A shareholder in WICET Holdings becomes insolvent and exits WICET Holdings, the voting entitlement of the remaining Class A shareholders increases pro-rata, which results in their indirect exposure to WICET Debt also increasing. Prior to the Latest Practicable Date, several of the original Class A shareholders of WICET Holdings had entered into administration or insolvency proceedings and subsequently exited WICET Holdings, which resulted in Yancoal Resources' voting entitlement in WICET Holdings increasing to 9.38% and a corresponding increase in our indirect exposure to the WICET Debt. On 18 October 2018, a WICET Class A shareholder, Northern Energy Corporation Limited, and its related shipper Colton Coal Pty Ltd, entered into administration but as of the Latest Practicable Date Northern Energy Corporation Limited has not exited WICET Holdings. If Northern Energy Corporation Limited exits WICET Holdings, Yancoal Resources' voting entitlement and indirect exposure to WICET Debt will increase to 10.34%. While WICET Holdings and the remaining Class A shareholders as at the Latest Practicable Date were solvent, there is no guarantee that they will not enter into insolvency or administration proceedings in the future, which may result in our indirect exposure to the WICET Debt further increasing.

In addition, the senior debt facility, which matured in September 2018, was renegotiated (involving a scheme of arrangement approved by the Supreme Court of New South Wales on 11 September 2018) and resulted in amendments to the terms of such facility, which led to us recognising A$50 million in other operating expenses in the six months ended 30 June 2018, which arose from the partial impairment of our investment in GiLTs and the full impairment of our investment in WIPs. The renegotiation of the senior debt facility has involved the 'financing costs' component of the total terminal handling charge increasing by US$3.35 per tonne and the inclusion of a new review event where there is a reduction in the aggregate contracted tonnage of the shippers below either 12.5 Mtpa or (if WICET Pty Limited is also unable to meet certain solvency and debt service cover ratio requirements) 14 Mtpa (Northern Energy Corporation Limited, and its related shipper Colton Coal Pty Ltd, ceasing to perform their shipping commitments and exiting WICET Holdings would not trigger these tonnage thresholds, as their committed tonnage is only 0.5 Mtpa of total current throughput of 16 Mtpa). These arrangements came into effect on 1 October 2018. An increase in our indirect exposure to the WICET Debt could further adversely impact the recoverability of our investments in WICET Holdings and, in the case of failure in refinancing, or a review event or event of default, could result in the senior lenders or a receiver appointed by them taking steps to recover against the shippers, whether through increased charges or otherwise.

**The pro forma financial information included in this prospectus is not indicative of our future financial condition or results of operations.**

The pro forma financial information set out in "*Appendix IIB – Unaudited Pro Forma Financial Information of the Enlarged Group"* has been prepared for illustrative purposes only, and shows the impact of the Pro Forma Transactions, as if these acquisitions had been completed on 1 January 2017. Such pro forma information addresses a hypothetical situation and is not necessarily representative of our results of operations and changes in liquidity and capital resources as they would have appeared in our financial statements had the relevant transaction occurred during the year ended 31 December 2017, and is not intended to be indicative of our future financial condition and results of operations. The adjustments set forth in such pro forma information are based upon available information and assumptions that our management believes to be reasonable. If the assumptions underlying the preparation of such pro forma information do not occur, our actual financial results could be materially different from those indicated in such pro forma information. Further, the rules and regulations related to the preparation of pro forma financial information in other jurisdictions may vary significantly from the basis of preparation for our pro forma combined income statement. Therefore, such pro forma information should not be relied upon as if it has been prepared in accordance with those standards and practices.

**Our assets may be subject to impairment risks which could adversely affect their value.**

Our balance sheet includes a number of assets that are subject to impairment risk or are required to be carried at fair value, including mining tenements, exploration and evaluation assets, intangible assets (including goodwill), the loans to Middlemount and Watagan, the royalty receivable from Middlemount, investments accounted for using the equity method and deferred tax assets. The values of these assets are generally derived from the fundamental valuation of the underlying mining operations and as such are subject to many of the risks to which our operations are exposed, including coal price and demand fluctuations, foreign exchange risks, changes in coal production and estimates of reserves and resources, and operating risks. Adverse changes in these risk factors could lead to a reduction in the valuation of our assets and result in an impairment charge or fair value loss being recognised. See also "– *We will be required to re-consolidate Watagan once we re-acquire control of it, which could result in adverse consequences to our financial condition and results of operations*."

**Our ability to collect payments from our customers could be impaired if their creditworthiness and financial health deteriorate.**

Our ability to receive payment for coal sold and delivered depends on the continued creditworthiness and financial health of our customers. Competition with other coal suppliers could force us to extend credit to customers and on terms that could increase our risk of payment default. In recent years, downturns in the economy and disruptions in the global financial markets have, from time to time, affected the creditworthiness of our customers and limited their liquidity and access to credit. For example, changes in the financial circumstances of the Noble Group, which had been our second largest customer for 2017 in terms of revenue, has led to the downgrading of its overall credit rating by multiple rating agencies and several instances of late payment of accounts receivable owed to us since August 2017. We have taken a number of actions in response, including changing the required payment method from telegraphic transfer to irrevocable letters of credit, imposing interest on late payments and withholding delivery of products until certain contractual requirements are met. However, while we have been

provided with irrevocable letters of credit supporting the Noble Group's payment obligations, we cannot provide any assurance that further financial problems at the Noble Group will not have an adverse effect on us. Additionally, such arrangements do not address other types of contractual default. For example, we recently commenced arbitration proceedings against the Noble Group in May 2018 seeking relief, including damages, on account of the Noble Group failing to purchase coal under an existing contract.

There is no guarantee that another customer will not commit any payment defaults in the future. Customers in certain countries may be subject to other pressures and uncertainties that may affect their ability to pay, including trade barriers, exchange controls and local economic and political conditions.

**Proved and probable coal reserves are expressions of judgement based on knowledge, experience and industry practice, and any adjustments to estimated proved and probable coal reserves could adversely affect our development and mining plans.**

Estimates of proved and probable coal reserves are expressions of judgement based on knowledge, experience and industry practice. In determining the feasibility of developing and operating our mines, we use estimates of coal reserves and resources that are made by competent persons appointed by us in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Numerous uncertainties inherent in estimating quantities and the value of recoverable and marketable coal reserves exist, including many factors beyond our control. As a result, estimates of reserves are, by their nature, uncertain. When calculating reserves estimates, we make assumptions about:

- geological and hydrological conditions;
- production from the mining area;
- the effects of regulations, including environmental, health and safety regulations and taxes;
- future coal prices; and
- future operating costs.

Coal resource and reserve estimates are regularly revised based on actual production experience, and determinations of coal resources or reserves that appear valid when made may change significantly when new information becomes available. Should we encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, coal resource and reserve estimates may have to be adjusted and mining plans, coal processing methods and infrastructure may have to be altered in a way that might adversely affect our operations. Moreover, a decline in the price of coal, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environmental, permitting, title or tax regulations, may mean that the tonnage of coal that can be feasibly extracted may be significantly lower than our coal resource and reserve estimates. As a result, estimated coal reserves and resources may require revisions. If it is determined that mining of certain coal reserves is uneconomic or not possible due to safety issues, this may lead to a reduction in our aggregate coal reserve estimates.

Further, actual facts may vary considerably from the assumptions we use in estimating our reserves. Our reserve amounts have been determined based on assumed coal prices and historical and assumed operating costs. Coal price and operating cost assumptions are by their nature uncertain, and our assumptions can vary significantly from those of other market participants, external consultants and industry experts. Some of our reserves may become unprofitable or uneconomic to develop if the long-term market price for coal decreases or our operating costs and capital expenditure requirements increase. In addition, our exploration activities may not result in the discovery of additional coal deposits that can be mined profitably or of coal products that meet the required quality specifications. For these reasons, our actual recoverable and marketable reserves and our actual production, costs, revenues and expenditures relating to reserves may vary materially from our estimates. Our estimates may not accurately reflect our actual reserves or be indicative of future production, costs, revenues or expenditures.

Adjustments to proved and probable coal reserves could also affect our development and mining plans. Our recovery rates will vary from time to time, which will increase or decrease the volumes of coal that we can sell from period to period. Any significant reduction in the volumes and grades of the coal reserves we recover from what those estimated could have a materially adverse effect on our business, financial condition and results of operations. In addition, our volume of production from our mine properties will decline as our reserves are depleted.

**Exploration of mineral properties and development of resources could involve significant uncertainties.**

We have two exploration projects, Monash and Oaklands, both located in NSW. Both of these projects are long term greenfield development projects which require additional exploration, scoping studies and development strategies to realise a path to commercial development. We may have additional exploration projects in other regions in the future. Any discovery of a coal deposit does not guarantee that the mining of that deposit would be commercially viable. The success of any mining exploration program depends on various factors including, among other things, whether mineral bodies can be located and whether the locations of mineral bodies are economically viable to mine. The size of the deposit, development and operating costs, coal prices and recovery rates are all key factors in determining commercial viability. In addition, the development of these resources could face significant uncertainties, may take several years and require capital expenditure from the initial exploration phase until commencement of production, during which time market fundamentals, capital costs and economic feasibility may change. As a result, actual results may differ from those anticipated by third party independent technical studies.

Furthermore, there are a number of uncertainties inherent in the development and expansion of mining operations, including: (i) the availability and timing of necessary governmental permits, licences and approvals; (ii) the timing and cost necessary to construct mining and processing facilities; (iii) the availability and cost of labour, utilities, and supplies; (iv) the accessibility of transportation and other infrastructure; and (v) the availability of funds to finance construction and production activities. As a result, we cannot assure you that any of our exploration activities will result in the discovery of valuable resources or reserves, or that reported resources can be converted into reserves in the future.

**Our business may be adversely affected if we are unable to acquire additional coal resources and convert them into economically recoverable coal reserves.**

Our existing coal reserves will decline as mining continues. Therefore, our growth and long-term success will depend on our ability to acquire additional coal resources within our exploration areas and to convert such coal resources into economically recoverable coal reserves. New coal resources may not be found or may not be economically recoverable. If we are unable to discover new coal resources or are unable to acquire additional coal resources and reserves, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

Even if we discover additional resources or acquire additional coal resources, it could take a number of years from the initial phases of drilling until exploitation is possible, during which time the economic viability of production may change depending on the price of coal, which is subject to significant volatility, and other factors, including fuel, labour, equipment and other operating costs, government regulations and exchange rate fluctuations. If a project proves not to be economically feasible by the time we are able to exploit it, we may incur substantial write-offs. As a result of any of the foregoing factors, we may not be able to discover any viable resources, may be unable to exploit any resources discovered or may not be able to recover all or any portion of our investment in those exploration activities.

**Coal mining operations in Australia have inherent title risks associated with grant and renewal of tenements, native title rights and Aboriginal land claims.**

***Tenements and related approvals***

Exploring or mining for coal in NSW and Queensland is unlawful without a tenement granted by the relevant state government. Interests in tenements in NSW and Queensland are governed by the respective state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it reporting commitments, as well as other conditions requiring compliance. Obtaining mining tenements and carrying out certain activities under mining tenements in NSW and Queensland often involves first obtaining consents from landholders and other third parties (some of whom may in certain circumstances have a right of veto), as well as various approvals including environmental approvals. There is a risk that the requisite consents and approvals may not be able to be obtained on time or on acceptable commercial terms, or may not be able to be obtained at all. Further, all of the granted tenements in which we have or may earn an interest will be subject to applications for renewal or grant (as the case may be). We have filed advance applications for renewal of certain tenements covering the MTW and HVO mines, and these applications were pending approval by the relevant authority as at the Latest Practicable Date. The grant or renewal of each tenement or licence in NSW and Queensland is usually at the discretion of the relevant government authority which will consider various factors, which may include our compliance with any conditions placed on an existing licence, when making its decisions. There is no certainty that an application for grant or renewal of a tenement will be granted at all or on satisfactory terms or within expected timeframes.

Moreover, the conditions attached to tenements may change. The permitting rules are complex and may change over time, making our responsibility to comply with the applicable requirements more onerous, more costly or impractical, and thereby precluding or impairing continuing or future mining operations. Consequently, we may not be able to acquire title to or interest in tenements, or we may not be able to retain our interest in tenements in the long run or renew the licences or leases, if the relevant

conditions are not met or if insufficient funds are available to meet expenditure commitments. If a tenement is not renewed, we may lose the opportunity to discover and/or develop any mineral resources on that tenement.

***Native title***

It is also possible that, in relation to tenements which we have an interest in or will in the future acquire, there may be areas over which legitimate native title rights of Aboriginal Australians exist. Where the grant or renewal of a tenement is in respect of land in relation to which native title may exist, the provisions of the Native Title Act 1993 (Cth) need to be complied with in order for the tenement to be validly granted. Compliance with the Native Title Act 1993 (Cth) and the relevant native title process to be followed for the grant of the tenement may be prolonged or delayed, and substantial compensation may be payable as part of any agreement reached, including for the impairment of the relevant native title rights and interests.

Although there is no determination of native title which overlaps with the areas over which we have interests under tenements, there are registered native title claims overlapping some or all of the areas in which HVO, MTW, Ashton, Austar and Moolarben mines are located. While it is unlikely that these claims, should they be successful, will affect the validity of the existing mining tenements, we may be required to enter into a compensation agreement with the native title holders in areas of overlap before a new mining lease or assessment lease is granted or an existing lease renewed.

Our interests in tenements, our ability to gain access to new tenements, or our ability to progress from the exploration phase to the development and mining phases of operations, may be adversely affected by areas that are subject to native title claims.

***Aboriginal land claims***

Under the Aboriginal Land Rights Act 1983 (NSW), Aboriginal Land Councils can claim crown land if certain requirements are met. If a claim is successful, freehold title over the relevant land is transferred to the claimant council. Further, councils are afforded certain statutory rights which can include an effective veto over the grant of future mining tenements over any area of such land. Some of our tenements are located in areas that are subject to outstanding Aboriginal land claims, and additional Aboriginal land claims may be made in the future over other areas in which our tenements are located. Any such claims may result in our ability to explore or mine for coal in these areas being subject to the decisions of the relevant Aboriginal Land Councils, which may adversely affect our ability to develop projects and, consequently, our operational and financial performance.

**Certain conditions of the approvals granted for commencement of mining operations at one of our mines have not been fulfilled, and we are unable to commence development work at that site.**

Pursuant to the New South Wales Environmental Planning & Assessment Act, the required environmental approvals for the Ashton South East Open Cut Project were granted by the New South Wales Land and Environment Court on 17 April 2015. Under the terms of such approval, we are precluded from undertaking any development work on the project site until we have purchased, leased or licensed a privately owned property which forms part of the mining area for that project. As at the Latest Practicable Date, no agreement had been concluded with the owner of the relevant property. While we have until April 2020 (or April 2022 if extended) to reach agreement with the property

owner (or their successors in title), or to seek a further extension to the environmental approval beyond 2022, there is no guarantee that such agreement will be reached or an application for extension of the approval will be successful. If we are unable to reach an agreement in respect of the relevant property, we may not be able to commence development work on the project site, which could render the project unviable.

**Coal mining operations in Australia are subject to certain domestic risks.**

Our coal mining operations in Australia are subject to certain domestic risks, which include the following.

- *Land access*. The granting of mining tenements does not remove the need to enter into land access arrangements with third party land holders (where the land underlying the mining tenement is owned by a third party). In some cases, the underlying land may be owned by a competitor, pastoralist or other third parties. There is no guarantee that we will be able to obtain all required land access rights required for the operation of our mines from the relevant land holders.

- *Coordination agreements*. Coal mining tenements in NSW and Queensland are frequently granted over land over which other tenements and other exploration interests have been or may be granted. Where tenements overlap in Queensland, depending on the type of tenements which are overlapping, it is necessary for the holders to enter into coordination agreements or joint development plans. Where tenements overlap in New South Wales, it may be a condition of the grant or renewal of certain tenements that the tenement holder enters into, or makes every reasonable attempt (and be able to demonstrate its attempts) to enter into, cooperation agreements with the holders of any overlapping authorisation. In some cases, the interests of the overlapping tenement holders may not be aligned and accordingly, mining operations may be delayed or adversely affected. One of our mines and its associated tenements adjoin or are overlapped by petroleum tenements, exploration licences and interests, mining leases and private land leases held by third parties, and there is no guarantee that the relevant third parties will adhere to any coordination agreements or similar arrangements we enter into with them. Further, we may not be able to reach an agreement with any overlapping tenement holders on terms satisfactory to us in the future. If agreement cannot be reached with overlapping tenement holders, the matter may be referred to the relevant governmental authority or court who may make a decision which adversely impacts upon or prevents the project proposed by us.

- *Environmental conditions and action groups*. Before any mining tenure is granted in Australia, the applicant must undertake a comprehensive public environmental assessment on the impact of the proposed mining operations. Such an assessment involves a public consultation process, which often involves encountering organised environmental or community groups that seek to restrict or block contemplated mining operations. The relevant authorities frequently impose conditions on environment approvals that may materially affect mining operations. Environmental lobby groups in both Queensland and New South Wales have recently made submissions to governmental authorities in an attempt to prevent or delay new mine developments or expansion of existing mines on the basis of environmental concerns. For example, it is possible that community groups, or their

representatives, may commence legal action relating to the closure of Wallaby Scrub Road which was gazetted by the New South Wales government in connection with the planned westward expansion of the Warkworth mine. Further, community groups such as those in Bulga, situated near the MTW mines, have voiced numerous grievances against mine operations, and noise and dust emissions in particular. Increased community concern and actions taken by community and environmental groups may delay or prevent the development of new mines or the expansion of existing mines, or may result in conditions being imposed on such mines or costs being incurred that adversely affect the profitability of those mines.

**We purchase services from third-party service providers to carry out certain coal mining and other work and may enter into disputes with such service providers.**

We engage third-party service providers and contractors to provide certain services in our exploration, mining and other processes. The services we procure from these service providers differ depending on our needs at any given mine, but generally include secondment of workers to assist us in extracting coal at our mines, renting certain production equipment to us, providing specialist services such as blasting, and advising us on mining technology and coal production. See "*Business – Employees – Third Party Contractors*." Our aggregate expenses in relation to contractors for 2015, 2016 and 2017 and the six months ended 30 June 2018 were A$155 million, A$78 million, A$134 million and A$96 million, respectively.

Production at our coal mines could be disrupted by any significant failure by our contractors to comply with their obligations under their operating agreements (whether as a result of financial or operational difficulties or otherwise) or any termination or significant breach of an operating agreement by a contractor. We might not be able to find suitable replacement contractors within a reasonable period of time or at all, if any of our contractors were to cease to perform their services or to terminate their operating agreements.

If a dispute arises between any such service provider and us in connection with the performance of either party's obligations and the parties cannot resolve the differences in a timely manner, the operation of the relevant coal mine may be materially and adversely effected. Further, our service providers may enter into insolvency or similar proceedings, which could impact their ability to perform their contracted services as well as our ability to recover amounts owed to us. There can be no assurance that we will be successful in attempting to enforce our contractual rights or recover all or any monies owed by our counterparty (including under any claim for damages) through legal action.

Any protracted dispute with our contractors or any material labour dispute between our contractors and their employees could materially and adversely affect our operations and production, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

**We may become involved in litigation and other legal proceedings, which may have a material adverse effect on our reputation, business, financial condition and results of operations.**

Like all companies in the resources sector, we are exposed to the risk of claims, litigation and other legal proceedings involving the Company, our subsidiaries and the Directors (either as the complainant or as the defendant). Such claims or proceedings may be made or instituted by persons alleging they are owed fees or other contractual entitlements, employees, regulators, competitors or other third parties. Such claims or proceedings could divert our management's time and attention and consume financial resources in their defence or prosecution. For example, we are involved in a dispute with one of our infrastructure services providers relating to fee payments, which we do not consider to be payable to the services provider or in the amount claimed. In addition, we have commenced arbitral proceedings against the Noble Group in relation to breaches of a contract by the Noble Group and, separately, the Noble Group has commenced proceedings in the Supreme Court of New South Wales (an Australian State court) in relation to alleged breaches and repudiation of a different contract by Gloucester Coal, a subsidiary of the Company. Given the early stage nature of these matters and ongoing fact-finding, we are not able to assess whether the potential impact on us will be material.

Further, Gloucester SPV Pty Ltd ("**Gloucester SPV**"), a subsidiary of the Company, is one of several respondents to proceedings commenced in 2015 by Oceltip Pty Ltd ("**Oceltip**"), an independent third party, against Noble Resources Pte Ltd ("**Noble Resources**"), a subsidiary of the Noble Group, in the Supreme Court of Queensland. The subject of the dispute involves the transfer of Noble Resources' right to receive certain royalty payments under a royalty deed to Gloucester SPV, who since the transfer now enjoys the right to those royalty payments. The consideration for the transfer was A$168 million and as at the Latest Practicable Date we estimate the potential value of the royalty streams to be approximately A$195 million. Oceltip's claim disputes the validity of the transfer and seeks to enforce its pre-emptive rights under the royalty deed against Noble Resources. On 14 November 2018, a related claim was served on Gloucester Coal and Gloucester SPV in which Oceltip has alleged that Gloucester SPV induced or procured Noble Resources' alleged breach of the royalty deed by reason of transferring the rights to receive those payments to Gloucester SPV, and has claimed unspecified damages. As at the Latest Practicable Date, the Oceltip matters remain at a preliminary stage and may be consolidated into a single proceeding, and we are unable to assess the Group's potential exposure (if any) on account of these matters.

Save as disclosed in "*Business – Health, Safety and Environmental Matters*", during the Track Record Period and up to the Latest Practicable Date, neither we nor any of the Directors was engaged in any litigation, claim or arbitration of material importance nor, to the best of the Directors' knowledge, is any litigation, claim or arbitration of material importance pending or threatened against us or the Directors in relation to the Group. See "*Business – Legal Proceedings and Non-Compliance.*" There is no guarantee that we will not be involved in any such matters in the future, or that no additional liability will arise out of any pending proceedings that we do not consider to be of material importance. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and results of operations.

**We may experience difficulty in integrating our acquisitions, which could result in a material adverse effect on our business, financial condition and results of operations.**

Historically, we have grown through acquisitions. We acquired the Southland Mine (renamed Austar) in December 2004 and Felix Resources (assets of which included interests in the Moolarben, Yarrabee and Ashton mines) in December 2009. We listed on the ASX in June 2012, following our merger with Gloucester Coal, assets of which included interests in the Middlemount, Stratford Duralie and Donaldson mines and the Monash exploration project. In September 2017 we completed the acquisition of Coal & Allied Industries Limited from Rio Tinto, as a consequence of which we acquired interests in HVO and MTW in New South Wales, which are among the largest thermal coal operations in Australia, as well as related export infrastructure. In March 2018, we acquired an additional 28.9% interest in Warkworth from MDP.

We have devoted and continue to devote significant resources to the integration of our operations in order to achieve the anticipated synergies and benefits of our acquisitions.

Acquisitions and expansion involve uncertainties and a number of risks, including:

- difficulty in integrating the assets, operations and technologies of the acquired companies or assets, including their employees, corporate cultures, managerial systems, processes and procedures and management information systems and services;
- complying with the laws, regulations and policies applicable to the acquired businesses;
- failure to achieve the objectives or benefits, or to generate sufficient revenue to recover the costs and expenses, resulting from the acquisition and integration of such companies or assets;
- managing relationships with employees, customers and business partners during the course of integrating new businesses;
- managing ongoing relationships with joint venture partners where we acquire interests in joint ventures (see also "– *We operate through a number of joint venture and similar structures, and our operational and financial results will be affected by how these arrangements are managed.*");
- integrating other acquired employee groups with our employee groups and maintaining productive employee relations;
- attracting, training and motivating members of our management and workforce;
- accessing our capital resources and internally generated funds to fund acquisitions, which may divert financial resources otherwise available for other purposes;
- enhancing our operational, financial and management controls, particularly those of our newly acquired assets and subsidiaries, to maintain the reliability of our reporting processes;

- difficulty in exercising control and supervision over the newly acquired operations, including failure to implement and communicate our safety management procedures resulting in additional safety hazards and risks; and
- potential ongoing financial obligations and unforeseen or hidden liabilities of the acquired businesses and assets.

In the event that we are unable to efficiently and effectively integrate newly acquired companies, including C&A, we may be unable to achieve the objectives or anticipated benefits of such acquisitions, which may adversely impact our business, financial condition and results of operations. In addition, we may have to write down the carrying value of the intangible assets associated with any acquired companies, which could adversely affect our results of operations.

**We are exposed to fluctuations in exchange rates and interest rates.**

As a company with sales across the Asia-Pacific region but operating entirely in Australia, our financial results are exposed to foreign exchange rate movements, particularly those relating to the Australian dollar and U.S. dollar rate. In particular, our sales under coal supply contracts are generally priced and payable in U.S. dollars, while our day-to-day costs are primarily denominated in our functional currency, the Australian dollar. In addition, imported plant and equipment may be priced in U.S. dollars or another foreign currency. Our debt is primarily denominated in U.S. dollars, although we also incur debt, and have debt facilities available, in Australian dollars. Some of our foreign exchange risk is hedged through natural cash flow hedges. See also *"– We do not make use of hedging instruments to hedge foreign exchange risks in respect of U.S. dollar denominated loans, and the natural cash flow hedge created by hedging a portion of these loans against our U.S. dollar denominated sales may not be sufficient to offset our foreign exchange losses*" and "*Financial Information of the Group – Significant Factors affecting our Results of Operations and Financial Condition – Foreign Exchange Rate Fluctuations*". The impact of exchange rate movements will vary depending on factors such as the nature, magnitude and duration of the movements and the extent to which currency risk is hedged under hedging arrangements.

We are exposed to cash flow interest rate risk in relation to variable-rate bank balances, term deposits, restricted cash and variable rate borrowings. Our interest rate risk primarily arises from fluctuations in the LIBOR rate in relation to our U.S. dollar-denominated borrowings. A substantial majority of our borrowings denominated in U.S. dollars are linked to floating LIBOR rates, the fluctuation of which is beyond our control. See "*Financial Information of the Group – Significant Factors affecting our Results of Operations and Financial Condition – Financing Arrangements and Interest Rate Movements*". We do not currently have any interest rate hedging arrangements. Our lending rates may increase in the future as a result of reasons beyond our control, and may result in an adverse effect on our business, financial condition and results of operations.

**We do not make use of hedging instruments to hedge foreign exchange risks in respect of U.S. dollar denominated loans, and the natural cash flow hedge created by hedging a portion of these loans against our U.S. dollar denominated sales may not be sufficient to offset our foreign exchange losses.**

We do not currently use bank issued instruments to hedge foreign exchange risks in respect of U.S. dollar denominated loans. However, the scheduled repayment of the principal amounts on our U.S. dollar denominated loans are designated to hedge the

cash flow risks on the portion of forecast U.S. dollar denominated sales that are not hedged through bank issued instruments, resulting in a natural cash flow hedge. Specifically, U.S. dollar denominated loan repayments within a six-month period are designated to hedge the forecast U.S. dollar denominated sales during the same period after the designation of the hedge relationship based on a dollar for dollar basis until the hedge ratio reaches one.

Unrealised foreign exchange gains or losses arising on the translation of hedged U.S. dollar denominated loans are deferred on our balance sheet to a cash flow hedge reserve in equity. Such deferred gains or losses are recycled to the income statement during the six-month period in which the loan is scheduled to be repaid. There is no guarantee that this natural cash flow hedge will be sufficient to offset our foreign exchange losses, and material foreign exchange losses could negatively affect our financial condition. As at 30 June 2018, we had A$791 million of unrealised foreign exchange losses before tax and A$554 million of unrealised foreign exchange losses after tax deferred on our balance sheet in equity through our natural cash flow hedge.

**Our Controlling Shareholders are state-owned enterprises in the PRC, and will be able to exercise significant influence over certain activities of the Group.**

Yanzhou, which currently holds 65.45% of the Shares and will be interested in 62.5% of the Shares immediately following the completion of the Global Offering, and Yankuang, as the majority shareholder of Yanzhou, will be in a position to exercise significant influence over matters which require approval of the Shareholders. The interests of Yanzhou and Yankuang may not necessarily be aligned with the interests of other Shareholders. In particular, Yanzhou, Yankuang, and their respective subsidiaries conduct business in the coal mining industry. Actions of Yanzhou and Yankuang could favour their own respective interests over the interests of other Shareholders, which could materially affect our business, financial condition, results of operations and prospects.

Furthermore, Yanzhou and Yankuang are state-owned enterprises in the PRC. As a consequence, they are required in their capacity as our Controlling Shareholders to obtain regulatory approvals in the PRC in respect of a range of actions that we may engage in. These approvals may not be received in a timely manner or at all, which could delay or prevent actions that we may wish to undertake.

**We have existing contractual arrangements, and may in the future continue to enter into contractual arrangements, with our Controlling Shareholders.**

We have entered into loan, guarantee and coal sales agreements with the Yanzhou Group, a management and transitional services agreement with Yanzhou and Yankuang and certain other arrangements and transactions with Yanzhou and Yankuang, further details of which are set out in "*Connected Transactions*." These connected transactions were reviewed and approved according to the procedures under relevant regulations and policies. However, we may continue to enter into related party transactions with our Controlling Shareholders and, as such, any material financial or operational developments experienced by our Controlling Shareholders that lead to the disruption of their operations or impair their ability to perform their obligations under their agreements with us could materially affect our business, financial condition and results of operations and future prospects.

**Our business, financial condition and results of operations are subject to government royalties on the production of coal.**

In addition to corporate income tax, we are required to pay government royalties, direct and indirect taxes and other imposts in the jurisdictions in which we operate. The production of coal in Queensland and New South Wales is subject to the payment of royalties to the state governments. In both states, these royalties are calculated as a percentage of the value for which the coal is sold and payable on an *ad valorem* basis. The relevant State Governments may increase these royalties or change their method of calculation or the interpretation or application of the relevant policies, or impose new royalties or similar taxes. Any resulting increase in our tax cost could have a material adverse effect on our business, financial condition and results of operations.

**The Company may lose the benefit of existing and carried forward tax losses, which may have an adverse effect on its profits.**

As at 30 June 2018, our tax consolidated group had approximately A$2.4 billion of available carried forward tax losses which can be applied to reduce future liability for income tax on its taxable profits, so long as they remain available. The Company's ability to use carried forward losses in the future will depend, in part, on its continued satisfaction of the loss recoupment tests under Australian tax laws and be subject to the availability of sufficient future taxable profits. Further, the Company's ability to obtain the benefit of existing tax losses and claim other tax attributes will depend on future circumstances and may be affected by any changes in our ownership structure (including the ownership structure of Yanzhou). Such changes may be beyond our control, and there is no guarantee that the Company will be able to utilise the benefit of all (or any) of the carried forward tax losses.

If the Company's ability to utilise its tax losses is impacted, it will be required to pay higher levels of corporate income tax in future periods than may otherwise have been the case, which will reduce the available profit to be applied towards the payment of dividends or use for other purposes such as investment or the reduction of debt.

**There is uncertainty about the applicability or recoverability of our deferred tax assets, which may affect our taxes payable for future periods.**

Our deferred tax assets include unused tax losses and tax credits which we carry forward to the extent that our management believes it is probable that taxable profits will be available against which such unused tax losses and credits can be utilised. Our deferred tax assets amounted to A$1,166 million, A$1,339 million, A$1,219 million and A$1,086 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively. There is no expiry date on our ability to utilise such tax losses, although they are subject to the continuous satisfaction of certain tax rules. See notes 4 and 30 to the Accountants' Report of the Group in Appendix IA to this prospectus for further details on our accounting policy with respect to deferred tax assets and on the movements of our deferred tax assets during the Track Record Period. Such determination requires significant judgment from our management on the tax treatment of certain transactions as well as an assessment of the probability, timing and adequacy of future taxable profits for the deferred tax assets to be recovered. If such judgments turn out to be imprecise, we may need to adjust our tax provisions accordingly. In addition, when we utilise carried forward tax losses against our future taxable profit, our taxable profits are reduced, which in turn reduces the tax payable. We cannot predict any future movements in our deferred tax assets or the effect that such movements could have on our taxes payable for future periods.

**Transactions with international related parties may be impacted by the application of Australia's transfer pricing rules, which may have an adverse effect on the Company's profits.**

Australian transfer pricing rules adopt the arm's length principle. The application of the arm's length principle in relation to financing issues has evolved in recent years following the decision of the Full Federal Court in *Chevron Australia Holdings Pty Ltd v FCT* [2017] FCAFC 62. Following this decision, the Australian Taxation Office has published formal guidance setting out its approach to assessing risk in respect of related party cross-border financing arrangements, and has increased its review activities. It is expected that further guidance will also be released by the Australian Taxation Office in the near future to provide specific risk indicators for particular types of financing arrangements, such as financial guarantees and interest free loans.

The Company has undergone a significant transformation with its 2017 capital raising and the C&A Acquisition, which has resulted in a change in its operational and capital structure. These, together with recent increases in coal prices, have led to an improved financial position of the Company. In addition, the Global Offering and the Australian Entitlement Offer will result in a further change to the Company's capital structure.

The Company engages in several international related party transactions on an annual basis in relation to its operations in Australia that are subject to the arm's length principle, which include loan, guarantee, coal sale and administrative service arrangements. See "*Connected Transactions*" for further details. No specific formal review of our connected transactions has been undertaken by the Australian Taxation Office within the relevant review periods. However, changes in Australian law and guidance from the Australian Taxation Office may affect the interpretation of the arm's length principle in relation to our related party transactions. Such changes may adversely impact the taxation outcomes associated with our connected transactions, and consequently could have a material adverse effect on our business and financial condition.

**Australia's thin capitalisation rules impose limits on the level of debt deductions that can be claimed for income tax purposes, which may have an adverse effect on the Company's profits.**

Australia's thin capitalisation measures apply to the total debt of the Australian operations of the Company (including foreign and domestic related-party and third-party debt), and may result in a denial of certain debt related deductions after application of transfer pricing measures applicable to related party debt. The Company has at certain points in the past exceeded the safe harbour thin capitalisation limits (which prescribe a debt to asset ratio of 60%), and as a consequence has not claimed those debt deductions. The Company is currently operating outside the safe harbour thin capitalisation limits and, while the Global Offering and the Australian Entitlement Offer are expected to improve its thin capitalisation position, there is no guarantee that our position will improve.

**Our coal operations are extensively regulated in Australia, and government regulations may limit our activities and adversely affect our business, financial condition and results of operations.**

Our operations are subject to laws and regulations of general application governing the use and granting of mining rights, land tenements, access and use, exploration licences, mining operation time and recovery rates, environmental requirements including site-specific environmental licences, permits and statutory authorisations, workplace health and safety, trade and export, competition, access to infrastructure, pricing of transportation services, foreign investment and return on investments and taxation. These regulations may be implemented by various federal, state and local government departments and authorities including the Australian Department of Industry and the Department of Environment. The adoption of new legislation or regulations or the new interpretation of existing legislation or regulations or changes in conditions attaching to approvals may materially and adversely affect our operations, our tax costs and cost structure or product demand. The occurrence of any of the foregoing may cause us to substantially change our existing operations, incur significant compliance costs and increase the risk of our future investment or prevent us from carrying out mining operations, which could have a material adverse effect on the profitability of our operations and our overall business, financial condition and results of operations. See also "– *Our business, financial condition and results of operations may be adversely affected by present or future environmental regulations in Australia and other countries, and we may be exposed to legal claims and increased costs due to the environmental impacts of our operations*".

In particular, changes in laws and regulations in the following areas may substantially affect our business, financial condition and results of operations:

- *Environment and planning*: In recent years, the State governments of Queensland and New South Wales have introduced various policies in the interests of protecting high-value agricultural and urban land and environment areas from the effects of mining. These include the Queensland government's Regional Planning Interests Act and the New South Wales government's Strategic Regional Land Use Policy, Aquifer Interference Policy, and 2015 amendments to the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007. In 2013, the New South Wales State government introduced the fit and proper person consideration which allows it to consider a miner's conduct, financial capabilities and technical expertise in making decisions about mining rights, including the grant, transfer, renewal, cancellation and suspension of such rights. In the last five years, the maximum penalties for breaches of mining and environmental legislation have also been significantly increased. In the same time period, the Queensland State government has reviewed the method of calculating the financial assurance required to be provided by mining companies in respect of their rehabilitation liability, which has led to a significant increase in financial assurance amounts that are required to be covered by bank guarantees. Further, the Audit Office of New South Wales has carried out a review of rehabilitation liabilities in respect of mines and the Department of Planning and Environment is implementing a number of reforms to strengthen operational rehabilitation requirements for all mining projects in New South Wales. These reforms may lead to a material increase in the amount of security required in respect of rehabilitation liabilities.

- *Workplace health and safety*: In Australia, workplace safety is regulated by the States and Territories, and almost all States and Territories have introduced virtually identical general safety legislation. Many States have also prescribed specific mining legislation. The process of harmonising the mining legislation across the country has been undertaken, but as at the Latest Practicable Date, New South Wales has been the only major mining State to amend its mining legislation (Western Australia and Queensland are yet to adopt the national model). Since 2016, there has been a focus on the re-emergence of black lung disease (Coal Workers' Pneumoconiosis) in the mining sectors in Queensland and New South Wales, and in September 2016 the Queensland government established a parliamentary committee to inquire and report on the re-emergence of the disease. As a result, it is likely that workplace health and safety regulations may be amended in the near future. Western Australia is currently considering introducing a modernised Work Health and Safety Act, which is expected to include amended mine safety legislation and to mirror parts of the national model.

**Our business, financial condition and results of operations may be adversely affected by present or future environmental regulations in Australia and other countries, and we may be exposed to legal claims and increased costs due to the environmental impacts of our operations.**

Our coal mining operations require water and other materials, and produce waste water, gas emissions and solid waste materials. In addition, surface mining operations also result in noise and air quality impacts. As an Australian coal producer, we are subject to extensive and increasingly stringent environmental protection laws and regulations. These laws and regulations:

- restrict and impose conditions on usage of water and waste water management;
- impose fees and limits on the discharge of waste substances into the air, water and land, including carbon emissions;
- require provisions for land reclamation and rehabilitation;
- impose fines and other penalties for serious environmental offences; and
- establish the conditions (including environmental requirements) for domestic mining operations.

Extensive environmental regulations in Australia, and in other countries that could affect our business, may impose costs on our mining operations, and future regulations could increase those costs, limit our ability to produce and sell coal, or reduce demand for our coal products. In particular, the regulatory response to the risk of climate change, including unilateral and collective action by Australia and other countries, may affect demand for coal, coal prices and the competitiveness of our products in the world energy market. Our operations (including the operations of any assets or companies acquired by us) may not have met or may not in the future meet all environmental or related regulatory requirements.

Further, our operations may substantially impact the environment or cause exposure to hazardous materials. While we regularly assess the major environmental impacts of our operations, these assessments may not constitute a comprehensive evaluation of all possible environmental impacts. Historical or future contamination or other incidents could lead to opposition from community and action groups and may also subject us to legal claims or increased expenses. For example, a number of penalty notices were issued by the New South Wales Environment Protection Agency against our Hunter Valley operations over the last three years in relation to excessive blast pressure and water leakages and overflows, for which we paid fines amounting to A$15,000 each. We may also be subject to requirements in relation to the investigation and clean-up of soil, surface water, groundwater and other media.

Environmental legislation may change in a manner that requires compliance with additional standards and introduce a heightened degree of responsibility for companies and their directors and employees. In particular, there may be increased regulation on the usage and treatment of water at mining operations. There may also be unforeseen environmental liabilities resulting from coal related activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential mine closure and relinquishment costs and obligations for which we may become liable as a result of our activities may increase as a result of legislative and policy changes. In addition, our budgeted amount for environmental regulatory compliance may not be sufficient, and we may need to allocate additional funds for this purpose. If we breach applicable environmental or related regulatory requirements, we may incur fines or penalties, be required to curtail or cease operations or be subject to increased compliance costs or costs for rehabilitation or rectification works at one or more of our sites, any of which may have a material adverse effect on our business, financial condition and results of operations.

**Our ability to generate the expected economic returns from our mining assets may be adversely affected by present or future environmental regulations in Australia and other countries.**

Our mining operations are subject to extensive and increasingly stringent environmental regulations in Australia and in other countries. Changes in and future environmental regulations could increase the standards and costs of compliance, and adversely affect our ability to generate the expected economic returns from our mining assets over their useful lives. We may not always be able to comply with future laws and regulations in relation to environmental protection economically or at all. There can be no assurance that we will be able to fully and economically utilise the entire coal resources of the mines we operate currently or in the future or that some of our mining assets will not become “stranded assets” that are not able to generate the expected economic returns over their useful lives.

**We may not be able to obtain all necessary approvals, permits and licences.**

Pursuant to applicable laws and regulations in Australia, we are required to obtain and renew from to time a number of regulatory approvals, permits and licences with respect to our exploration activities, mining operations for our existing mines as well as our development-stage or exploration projects, including obtaining planning approvals, land access and land owner consents, and address any native title issues, impacts on the environment and objections from local communities. While the requirement to obtain such approvals and to address potential and actual issues for existing and future mining projects is applicable to all companies in the coal sector, there is no guarantee that we will be in a position to secure all of the required consents, approvals and rights

necessary to maintain our current production profile from our existing operations or to develop our growth projects in a manner which will result in profitable mining operations and the achievement of our long-term production targets. We are still in the process of obtaining or renewing some of the regulatory approvals, permits and licences required for our business operations, and may experience substantial delays in obtaining such regulatory approvals, permits and licences. As at 14 November 2018, we had the following material regulatory approvals, permits and licences with respect to our mines that are subject to pending renewals:

| Regulatory Approval, Permit and Licences | Expiry Date |
|---|---|
| *HVO* | |
| Mining lease ("**ML**") 1324 | 19 August 2014 |
| ML 1337 | 9 September 2014 |
| ML 1359 | 1 November 2015 |
| ML 1428 | 14 April 2019 |
| ML 1482 | 14 April 2019 |
| Exploration licence ("**EL**") 5291 | 28 April 2018 |
| EL 5417 | 8 May 2018 |
| EL 5418 | 8 May 2017 |
| EL 8175 | 23 September 2018 |
| Authorisation 72 | 24 March 2018 |
| *MTW* | |
| ML 1412 | 10 January 2018 |
| *Moolarben* | |
| EL 6288 | 22 August 2017 |
| *Stratford Duralie* | |
| Authorisation 311 | 28 November 2017 |
| Authorisation 315 | 28 November 2017 |
| EL 6904 | 9 October 2017 |
| ML1409 | 6 January 2018 |
| ML1427 | 5 April 2019 |
| *Oaklands* | |
| Assessment Lease 18 | 25 June 2018 |
| *Ashton* | |
| EL4918 | 17 December 2015 |
| *Donaldson* | |
| EL 6964 | 10 December 2015 |
| *Yarrabee* | |
| ML 80050 | 31 October 2018 |
| *Austar* | |
| Mining Purposes Lease 269 | 7 December 2018 |

As at 14 November 2018, we had the following material regulatory approvals, permits and licences with respect to our mines that have been applied for but were yet to be granted:

- HVO: Assessment lease application ("**ALA**") 52, ALA 58 and ALA 59; Mining Lease Application ("**MLA**") 489, MLA 495, MLA 496, MLA 520, MLA 534, MLA 535, MLA 542, MLA 543; Exploration Licence Application ("**ELA**") 5525, ELA 5526 and ELA 5527;

- MTW: ELA 5678 and MLA 548;

- Stratford Duralie: MLA 552;
- Middlemount: ML 700027;
- Ashton: MLA 500, MLA 351 and MLA 394; and
- Austar: MLA 521.

If any of these or our other mining licences, safety production licences, environmental or other certificates, approvals or permits are revoked, not renewed or not obtained, we could be required to cease operations of the affected tenement, mine or production facility, rehabilitate the disturbed area and be subject to regulatory or administrative penalties. Depending on the size of the ML and activities being conducted (or to be conducted) on that ML, the impact could be material. Moreover, if an EL is not renewed, it may preclude future potential expansion projects and earnings. As a result, the loss of some or all of our mining licences, coal production licences, safety production licences, environmental or other certificates, approvals or permits may have a material adverse effect on our business, financial condition and results of operations. See "*Business – Mining and Exploration Licences*".

In addition, some regulatory consents in New South Wales may contain conditions which grant the owners of prescribed properties affected by the operation of a mine a right to have their properties acquired by the mine operator. The exercise of this right by affected owners of prescribed properties (both individually and in the aggregate) may impact our operational and financial performance. Moreover, Australian environmental approval processes require a technical environmental assessment to be prepared prior to granting approval, as well as public consultation. Community groups may lobby for more restrictive conditions to be imposed on approvals granted or for the approval to be declined, either of which may result in a material adverse effect on our business and results of operations.

**Our risk management and internal control systems may not fully protect us against the various risks inherent in our business.**

While we manage regulatory compliance by monitoring and evaluating our internal controls and risk management systems to ensure that we are in compliance with all relevant statutory and regulatory requirements, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

**Any changes in accounting standards may have an adverse effect on our reported financial performance or financial position.**

We prepare our financial statements in accordance with the International Financial Reporting Standards ("**IFRS**") and other authoritative pronouncements and interpretations issued by the International Accounting Standards Board ("**IASB**"). The IASB may amend IFRS and the related pronouncements and interpretations or replace them with new standards, and such amendment or replacement is beyond our control. Any changes to IFRS or to the interpretation of those standards, or any disagreements by authorities of the judgments or estimates applied by us as required by IFRS, may have an adverse effect on our reported financial performance or financial position.

**The future adoption of IFRS 16 on the accounting treatment of our leases may impact our financial results.**

Our business operations involve leases for certain items of property, plant and equipment, including operating leases for mining equipment, office space and small items of office equipment. As at 31 December 2015, 2016 and 2017 and 30 June 2018, we had total operating lease commitments of A$6 million, A$92 million, A$187 million and A$177 million, respectively.

We will adopt IFRS 16 on 1 January 2019. Under IFRS 16, which replaces certain other accounting standards for leases, at the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

With respect to our future leases under IFRS 16, we expect that for our property, plant and equipment which have minimum lease payments over the lease term, the combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the statement of profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there would otherwise be no impact on the total amount of expenses recognised over the lease term. We expect that during the lease term, a certain portion of these lease commitments will be recognised in our consolidated statement of financial position as right-of-use assets and lease liabilities. As a result, if we were to simultaneously enter into a large number of leases with similar durations, under IFRS 16, we would expect to record higher expenses and liabilities attributable to such leases towards the beginning of the lease period, resulting in a lower net assets position. Towards the end of the lease period, we would to expect to record lower expenses and liabilities. As a result, while under this scenario, the total expenses attributable to each lease over the course of the respective lease period would not change, our financial results may be materially affected on a year-to-year basis. See note 3 to the Accountants' Report of the Group in Appendix IA to this prospectus for further details on IFRS 16 and how we expect the adoption of IFRS 16 to affect our financial results.

**We are dependent on key personnel as well as the availability of qualified technical personnel.**

We are dependent on certain key senior management employees. If we lose the services of any of our key management employees, we may have difficulties in finding, relocating and integrating adequate replacement personnel, which could seriously hamper our operations. We are also dependent on attracting qualified technical employees to provide services in relation to certain of our coal and other mining operations.

Coal mining is a labour-intensive industry. Our future success will depend greatly on our and our mining contractors' continued ability to attract and retain skilled and qualified personnel. Even if we are able to attract, integrate and retain new qualified technical personnel, this may be achieved on uneconomic terms. Any failure by us to retain our current workforce or hire comparable personnel in the future could have a material adverse effect on our business, financial condition, results of operations and prospects.

**Our operations may be affected by uncertain mining conditions and we may suffer losses resulting from mining safety incidents, which may not be covered by our insurance.**

Mining activities are inherently risky and hazardous. Our business is subject to a number of risks and hazards generally which may affect the safety of our workforce as well as our costs of producing coal. Specifically, our operations are subject to adverse environmental conditions, deterioration in the quality or variations in the thickness of coal seams, industrial accidents such as roof collapses, mine water discharge and flooding, explosions from methane gas or coal dust, ground falls and other mining hazards, labour disputes, power interruptions, critical equipment failure (including in particular any protracted breakdown of, or issues with, our coal handling and preparation plants or major excavators and longwalls), unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, earthquakes and fires. The occurrence of any of the foregoing events or conditions would have a material adverse impact on our business, financial condition and results of operations.

Although we conduct geological and geotechnical assessments on mining conditions and adapt our mining plans to the mining conditions at each mine, any such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to our properties or properties of others, reduction in the amount of coal produced, delays in development or mining, increased costs, monetary losses and possible legal liability. Although we have implemented safety measures at our mining sites which are subject to independent audits, trained our employees on occupational safety and maintain liability insurance for personal injuries as well as limited property damage for certain of our operations, safety incidents may occur.

Consistent with what we believe to be industry practice, we maintain insurance to protect against certain risks in amounts we consider to be reasonable. However, our insurance may not cover all the potential risks associated with our operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums and may not be able to pass on any increased costs relating to insurance to our customers. If such costs exceed the levels which we expect, there could be a material adverse effect on our business, financial condition and results of operations.

**We may not always be able to detect or prevent fraud, bribery or other misconduct by our employees, customers or other third parties on a timely basis.**

Any fraud, misrepresentation, money laundering or other misconduct by our employees, customers, service providers, business partners or other third parties could result in violations of relevant laws and regulations by us and subject us to corresponding regulatory sanctions. These unlawful activities and other misconduct may have occurred in the past and may occur in the future, and may result in civil and criminal liability under increasingly stringent laws or cause serious reputational or financial harm

to us. While we have in place and are implementing measures aimed at detecting and preventing employees' and external parties' fraud, misrepresentation, money laundering, commercial bribery and other misconduct, we may not be able to timely detect or prevent such activities, which could subject us to regulatory investigations and criminal and civil liability, harm our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

**We may not be able to protect our other intellectual property rights, which could have a material adverse effect on our business.**

We own intellectual property such as trademarks and know-how. See "*Business – Intellectual Property*".

We believe that our intellectual property rights are important to our success. Besides applicable laws, we rely on a combination of confidentiality policies and agreements, nondisclosure and other contractual arrangements to protect our intellectual property rights. We cannot assure you that we will be able to detect any unauthorised use of, or take appropriate, adequate and timely actions to enforce, our intellectual property rights. Consequently, we may not be able to effectively prevent unauthorised use of our patents in other countries where such patents are not registered.

The measures we take to protect our intellectual property rights may not be adequate, and monitoring and preventing unauthorised use is difficult. The protection of our intellectual property may be compromised as a result of (i) expiration of the protection period of our registered intellectual property rights; (ii) infringement by others of our intellectual property rights; and (iii) refusal by relevant regulatory authorities to approve our pending patent applications. If we are unable to adequately protect our intellectual property rights, our reputation may be negatively impacted and our business may be materially and adversely affected.

**Failure of our information technology systems could adversely affect our business.**

Our business relies on the performance, reliability and availability of our information technology systems. The proper functioning of our significant information technology systems, including in particular enterprise software from SAP that we use to manage our business operations and customer relations, Citect SCADA used to manage our control systems, and Intelex, Damstra and Pegasus used for our environment, health and safety systems, is important for our business. These systems and our information technology infrastructure in general may be adversely affected by factors such as server damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, telecommunications failures, external malicious intervention such as hacking, terrorism, fire, natural disasters, or weather interventions. Such events are largely beyond our control, and may affect our ability to carry on our operations efficiently, which could harm our business and results of operations.

**Our business and industry may be affected by the price of natural gas as well as the development of alternative energy sources and climate change.**

We supply coal as fuel to, among others, the thermal power generation industry and, as a result, are affected by the demand and growth of the thermal power industry. Thermal coal as a fuel source competes, among others, with natural gas, and the price of natural gas can therefore affect coal sales. The natural gas market has been volatile

historically and prices in this market are subject to wide fluctuations in response to relatively minor changes in supply and demand. Changes in supply and demand could be prompted by any number of factors, such as worldwide and regional economic and political conditions; the level of global exploration, production and inventories; natural gas prices; and transportation availability. If natural gas prices decline significantly, it could lead to reduced coal sales and have a material adverse effect on our financial condition, results of operations and cash flows.

The thermal power generation industry is also affected by the development of alternative energy sources, climate change and global environmental factors. While the majority of global energy consumption is from conventional energy sources such as coal, alternative energy industries are rapidly developing and are gradually gaining widespread acceptance. Coal combustion generates significant greenhouse gas and other pollutants, and the effects of climate change resulting from global warming and increased pollution levels may provide incentives for governments to promote or invest in "green" energy technologies such as wind, solar, nuclear and biomass power plants, or to reduce their consumption of conventional energy sources such as coal. On 4 November 2016, the Paris Agreement within the United Nation's Framework Convention on Climate Change came into force, which aims to control the increase in global temperatures, increase the ability of countries to adapt to the adverse impacts of climate change and provide channels to finance projects that lead to greenhouse gas reductions. As at the Latest Practicable Date, the Paris Agreement had been signed by 197 countries, including Australia and the PRC. In recent years, the PRC has also taken steps to address severe air pollution in many cities by adopting a range of policies to lower carbon emissions and reduce coal usage, and is targeting increasing the share of non-fossil fuels in primary energy consumption to 20% by 2030.

With the increased concern and development on low-carbon economy and environmental protection globally, coal consumption is expected to gradually decrease. If alternative energy technologies continue to develop and prove suitable for wide commercial application, demand for conventional energy sources such as coal could gradually be reduced. Further, efforts to increase energy efficiency, control greenhouse gas emissions and enhance environmental protection may also result in a decrease in coal consumption. In 2017, coal accounted for approximately 41% of global electricity generation. This proportion is expected to decline to 39% of global electricity generation by 2020, driven by growth in non-hydro renewable energy sources. While new thermal generation capacity is being installed in countries in Asia, there is no assurance that this will continue to be the case, particularly given the proliferation of renewable energy assets and other energy sources in our key markets. For further details, see "*Industry Overview*". A decrease in the demand and consumption of thermal coal, particularly in Asia and other developing countries, would have a material adverse effect on the coal mining industry and, consequently, our business, financial condition and results of operations. See "– *Our business, financial condition and results of operations may be adversely affected by present or future environmental regulations in Australia and other countries, and we may be exposed to legal claims and increased costs due to the environmental impacts of our operations*".

**Decreases in demand for steel in our principal markets, and the consequent decline in demand for metallurgical coal, could adversely affect our business, financial condition and results of operations.**

A significant proportion of demand growth for metallurgical coal is expected to come from increased steel production in developing nations in Asia. In the past decade, the PRC became a net importer of coal from being a net exporter, which was a major contributor to the growth in seaborne coal demand during this period. The pace of economic growth in the PRC has now slowed, and it is uncertain whether the "One Belt, One Road" initiative will result in a new surge in infrastructure building across Asia in a manner that will boost steel, and metallurgical coal, demand. Global metallurgical coal import demand growth between 2017 and 2020 is forecast to be around 2.8% CAGR, lower than the estimated 3.6% CAGR between 2012 and 2017. The demand outlook for export metallurgical coal in the near to medium term is expected to shift from a focus on demand growth in the PRC to growth in India and other emerging markets in Southeast Asia. Indian demand is expected to be assisted by the country's comparatively strong economic growth and is likely to receive an additional boost from the government's plans to increase spending on infrastructure development, including railways. Although India aims to reduce reliance on imported coals, high Indian demand and the relatively poor quality of most domestic coals is expected to result in increased metallurgical coal imports, including from Australia. There is, however, no assurance that increased steel demand in India and Southeast Asian countries will be able to offset reduced demand in the PRC, or that consequently, metallurgical coal demand and prices will remain stable or increase in the future.

**Future governmental policy changes in the PRC may be detrimental to the global coal market and impact our business, financial condition or results of operations.**

The PRC government has from time to time implemented regulations and promulgated new laws or restrictions, sometimes with little advance notice, which may impact worldwide coal demand, supply and prices. In early 2016, the PRC government announced a 276-work day limitation on the annual operating days for coal mines. As a result of these and other restrictions, the PRC's domestic thermal coal production in 2016 decreased by 10% to 2.7 Bt, while thermal coal imports in 2016 increased by 26%. The PRC's domestic coal production is expected to be further impacted by the government's plan to close 800 Mt of coal capacity by 2020. In addition, the PRC has recently introduced domestic supply restrictions focused on enforcing environmental and safety rules at existing operations as well as consolidating production around larger, more modern operations. For further details, see "*Industry Overview*". In 2018 China imposed a quota on imports of coal, which we understand was reached in mid-November, following which China has halted coal imports for the remainder of the year. We believe that this development will not have a material impact on us. If the Chinese government were to impose stricter import quotas for 2019 or future periods then, unless we are able to find alternative destinations for the coal we designate for export to China, our revenues and results of operations in future periods could be adversely affected. It is possible that further policy changes in the PRC may negatively impact the global coal market and, consequently, impact our business, financial condition or results of operations.

In addition, similar actions by government entities in countries that produce and/or consume large quantities of coal and other energy related commodities may have a material impact on the prices at which we sell our products.

## RISKS RELATING TO THE GLOBAL OFFERING

**The trading price of our Shares has been volatile and the Minimum Offer Price is higher than the recent trading price of the Shares, which may result in substantial losses for investors subscribing for or purchasing our Shares pursuant to the Global Offering.**

There has been significant volatility in the trading price of our Shares on the ASX. In the 52 weeks preceding 18 November 2018, the Latest Practicable Date, the trading price of our Shares has ranged between A$2.60 and A$5.95. As at the Latest Practicable Date, our Share price was A$3.18, which is lower than the Minimum Offer Price. Although the trading price of our Shares on the ASX might not be indicative of the expected market price for our Shares on the Stock Exchange following the Global Offering, unless the trading price of our Shares increases between the date of this prospectus and the listing date, investors subscribing for Shares in the Global Offering will incur an immediate mark-to-market loss. Further, trading in the Shares on the ASX has historically been low, which has contributed to the substantial fluctuations in their trading price. The trading price of our Shares on the ASX might continue to be, and the trading price of our Shares on the Stock Exchange following Listing could be, subject to substantial fluctuations and high volatility as a result of various factors. Some of these factors are beyond our control, including:

- low levels of liquidity in trading in our Shares;
- actual or anticipated fluctuations in our results of operations (including variations arising from foreign exchange rate fluctuations or from variations in the price that we can realise for our coal sales);
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation, regulatory investigations and environmental interruptions;
- tariffs and other trade restrictions, other governmental actions, changes in general economic conditions or other developments affecting us or our industry;
- general investor perception and inflation and interest rates;
- price movements on international stock markets, the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us, our Controlling Shareholder or other Shareholders.

**The liquidity of our Shares on the Stock Exchange could be limited.**

Our Shares have not been traded on the Stock Exchange before the Global Offering and there could be limited liquidity in our Shares on the Stock Exchange. As at the Latest Practicable Date, approximately 11% of the Shares are held by public investors and trading in the Shares on the ASX has historically been low. This low liquidity may continue on the ASX and may also be experienced on the Stock Exchange following the Global Offering, including on account of, among other things, a substantial portion of the Global Offering being placed with the Cornerstone Investor who is restricted from disposing of its Shares for six months following the Listing Date. Although Shareholders will be able to transfer our Shares from the Australian register to the Hong Kong register, and vice versa, there is no certainty as to the number of Shares that Shareholders may elect to transfer to Hong Kong. This could adversely affect investors' ability to purchase or liquidate Shares on the Stock Exchange. There is also no assurance that an open market will in fact develop for our Shares on the Stock Exchange. There can also be no guarantee that the price at which our Shares are traded on the Stock Exchange will be substantially the same as or similar to the price at which our Shares are traded on the ASX or that any particular volume of our Shares will trade on the Stock Exchange.

**The time lag of moving Shares between the Hong Kong and Australian markets could be longer than expected, and our Shareholders might not be able to settle or undertake any Share sale during this period.**

There is no direct trading or settlement between the Stock Exchange and ASX. To enable the movement of Shares between the two stock exchanges, our Shareholders are required to comply with specific procedures and bear the necessary costs. Under normal circumstances and assuming that there are no deviations from the usual cross-border share movement procedures, our Shareholders can expect normal cross-border movement between the principal register of members in Australia and the branch register of members in Hong Kong, and vice versa, to complete within three to six Business Days depending on how their Shares are or will be registered (i.e. in certificated form or within CCASS in Hong Kong). However, we cannot assure you that the transfer of Shares will be completed in accordance with this timeline. There could be unforeseen market circumstances or other factors that could delay the movement, thereby preventing our Shareholders from settling or effecting the sale of their Shares.

**There may be differences between the Australian and Hong Kong stock markets, and undue reliance should not be placed on prior ASX trading data.**

Our Shares have been listed and traded on the ASX since 2012. Following the Global Offering, it is our current intention that our Shares will continue to be traded on the ASX. Our Shares traded on the Stock Exchange will be registered by our Hong Kong branch share registrar. As there is no direct trading or settlement between the stock markets of Australia and Hong Kong, the time required to move shares between the principal register of members in Australia and the branch register of members in Hong Kong could vary and there is no certainty when Shares being moved will be available for trading or settlement. The ASX and the Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result, the trading price of our Shares on the ASX and the Stock Exchange might not be the same.

Further, fluctuations in the price of our Shares on the ASX could adversely affect the price of our Shares on the Stock Exchange and vice versa. Moreover, fluctuations in the exchange rate between Australian dollars and Hong Kong dollars can also adversely affect the trading prices of our Shares on the ASX and the Stock Exchange. Due to the different characteristics of the stock markets of Australia and Hong Kong, the historical prices of our Shares on the ASX might not be indicative of the performance of our Shares on the Stock Exchange after the Global Offering. You should therefore not place undue reliance on the prior ASX trading information.

**We will be concurrently subject to Hong Kong and Australian listing and regulatory requirements.**

As we are listed on the ASX and will be listed on the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

**Australian taxes may differ from tax laws of other jurisdictions, including Hong Kong.**

The Company is incorporated in Australia. Prospective investors should consult their tax advisers concerning the overall tax consequences of acquiring, owning, or selling the Shares. Australian tax law may differ from the tax laws of other jurisdictions, including Hong Kong. Please see "*Appendix IV – Taxation and Regulatory Overview*" for further information.

**Investments in our Company may be subject to restrictions under Australian foreign investment laws.**

The Foreign Investment Review Board ("**FIRB**") is a non-statutory body which provides advice to the Australian Treasurer ("**Treasurer**") in connection with foreign investment proposals pursuant to the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("**Australia Foreign Acquisitions and Takeovers Act**"), the Foreign Acquisitions and Takeovers Fees Imposition Act 2015 and the Foreign Acquisitions and Takeovers Regulation 2015.

Whether FIRB approval is required for a foreign investor to acquire an interest in the Company is determined on a case by case basis. It is the responsibility of the investor to determine if it requires FIRB approval before acquiring Offer Shares under the Global Offering or Shares in the secondary market. Further, it is the responsibility of the investor to otherwise ensure that it complies with the Australia Foreign Acquisitions and Takeovers Act in relation to investments in Australian companies or businesses, including obtaining any governmental or other consents which may be required, and that it complies with other necessary approval and registration requirements and other formalities.

A "foreign person" (as defined in the Australia Foreign Acquisitions and Takeovers Act) ("**Foreign Person**") is required to obtain FIRB approval from the Treasurer to acquire Offer Shares as part of the Global Offering, or acquire Shares in the secondary market, if they are a Foreign Government Investor from the PRC. Due to the operation of association rules under the Australia Foreign Acquisitions and Takeovers Act and the current level of ownership of the Company by Foreign Government Investors from the PRC, any acquisition of Offer Shares by Foreign Government Investors from the PRC

will require prior approval by the Treasurer. In addition, a Foreign Person is required to obtain prior approval from the Treasurer to acquire Offer Shares as part of the Global Offering if they are a Foreign Government Investor from a country other than the PRC and they are acquiring 10% or more of the Shares as part of the Global Offering. These approvals are "notifiable actions", which means that failure to notify them is an offence under the law.

Investors should seek independent legal advice prior to making an acquisition of Offer Shares as part of the Global Offering or acquire Shares in the secondary market. For more information, please see "*Appendix IV – Taxation and Regulatory Overview – Regulations in Relation to Foreign Investment in Australia*" and "*Appendix V – Summary of the Constitution of the Company and the Australia Corporations Act*".

**We may not declare dividends on our Shares in the future.**

Our Constitution provides that, subject to applicable laws, the ongoing cash needs of the business, the statutory and common law duties of the Directors and shareholders' approval, the Directors may pay interim and/or final dividends, and must:

(i) subject to (ii) below pay as interim and/or final dividends not less than 40% of net profit after tax (prior to any abnormal items) in each financial year; and

(ii) if the Directors determine that it is necessary in order to prudently manage our financial position, pay as interim and/or final dividends not less than 25% of net profit after tax (prior to any abnormal items) in any given financial year.

As a result, the amount of any dividends to be declared or paid will depend on, among other things, our results of operations, cash flows, financial condition, operating and capital requirements and applicable laws and regulations and will be subject to the approval of our Shareholders. See "*Financial Information of the Group – Dividends and Dividend Policy*". There is no assurance that dividends of any amount will be declared or distributed in any year.

**The Company has an obligation to withhold tax on distributions of dividends paid to non-residents to the extent the distributions are unfranked.**

Australia follows an imputation system in relation to corporate tax whereby the concept of franking broadly represents the net Australian corporate tax paid. When a corporate tax entity makes a distribution to its members, it can impute tax credits to the distribution to alleviate withholding tax payable by non-resident shareholders.

Dividends paid by the Company may be franked with an imputation credit to the extent that Australian corporate income tax has been paid by the Company. Where the Company pays a dividend from untaxed profits, no franking credit would be available. Such distributions are referred to as unfranked dividends.

To the extent dividends paid by the Company to non-resident shareholders are unfranked, such dividends are subject to Australian dividend withholding tax of up to 30% (which may be reduced if dividends are paid to residents of treaty countries). In particular, unfranked dividends paid to Shareholders resident in Hong Kong will be subject to withholding tax at 30% while unfranked dividends paid to Shareholders resident in the PRC eligible for treaty relief will be subject to withholding tax at 15%. Due to the current tax profile of the Company, any dividends paid by the Company during FY2018 to FY2019 would be expected to be unfranked. Accordingly, dividend withholding tax would be expected to be deducted from such dividend payments made during this period.

**Future sales or perceived sales or conversion of substantial amounts of our Shares in the public market, including any future offering of Shares or conversion of our unlisted Shares into listed Shares, could have a material adverse effect on the prevailing market price of our Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.**

The market price of our Shares could decline as a result of future sales or issuances of a substantial number of our Shares or other securities relating to our Shares in the public market, or the perception that such sales or issuances may occur. Moreover, such future sales or perceived sales may also adversely affect the prevailing market price of our Shares and our ability to raise capital in the future at a favourable time and price. The Shares held by our Controlling Shareholders are subject to certain lock-up undertakings after the Listing Date. See "*Underwriting – Underwriting Arrangements and Expenses*". We cannot assure you that our Controlling Shareholders will not dispose of the Shares they may own now or in the future. In addition, a substantial portion of the Offer Shares will be subscribed to by the Cornerstone Investor who is restricted from disposing of its Shares for six months following the Listing Date. For further details, see "*Cornerstone Investor*". We cannot assure you that upon the expiry of the six-month lock-up, there will not be a sale of a substantial number of Shares by the Cornerstone Investor.

Moreover, if additional funds are raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership for such Shareholders may be reduced. Such new securities may also confer rights and privileges that take priority over those conferred by the Shares.

**Purchasers of Shares in the Global Offering will incur dilution to the extent Shareholders participate in the Australian Entitlement Offer.**

As required by the standard ASX timetable for pro rata entitlement offers, the Australian Entitlement Offer will be open for acceptance by eligible existing Shareholders of the Company (other than the Shareholders of the Company that renounce their entitlement to subscribe to Shares) for a period of eight business days, commencing on the business day after the date of settlement of the Global Offering (i.e. on the business day after the Listing Date). If any Shareholder subscribes to Shares under the Australian Entitlement Offer during this period, it will result in a dilution in the shareholding of purchasers of our Shares in the Global Offering. The Australian Entitlement Offer is not underwritten and therefore dilution will only occur to the extent that eligible existing Shareholders of the Company elect to take up their entitlements, which will involve the issue of up to 8,225,509 Shares (assuming that the level of take up of the retail tranche of the Australian Entitlement Offer is 100%), representing 0.63% of the Shares in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised. The full exercise of the Over-allotment Option will involve the issue of up to 8,916,200 Shares, representing 0.67% of the Shares in issue immediately upon completion of the Global Offering but before the full exercise of the Over-allotment Option, assuming that the level of take up of the retail tranche of the Australian Entitlement Offer is 100%.

**The market price of our Shares when trading begins could be lower than the Offer Price.**

The Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be on the fifth Business Day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during

that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

**We cannot assure you that the Shares will remain listed on the Stock Exchange.**

Although it is currently intended that the Shares will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the Shares. Among other factors, the Company may not continue to satisfy the listing requirements of the Stock Exchange. Holders of Shares would not be able to sell their Shares through trading on the Stock Exchange if the Shares were no longer listed on the Stock Exchange.

**You may face difficulties in enforcing your shareholder rights since the laws of Australia for minority shareholders' protection could be different from those under the laws of Hong Kong and other jurisdictions.**

We are a company incorporated in Australia with limited liability, and the laws of Australia differ in some respects from those of Hong Kong or other jurisdictions where investors might be located. Our corporate affairs are governed by our Constitution and related charters and policies, the Corporations Act 2001 (Cth) ("**Australia Corporations Act**") and the laws of Australia. The laws of Australia relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedents in existence in Hong Kong and other jurisdictions. This could mean that the remedies available to our Company's minority Shareholders could be different from those they would have under the laws of Hong Kong and other jurisdictions.

**Certain facts and other statistics with respect to the coal market and industry in this prospectus may not be fully reliable.**

Certain facts and other statistics in this prospectus relating to the global and regional coal market and industry have been derived from various official government publications and other publicly available data. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by us or any of our affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics. Investors should read the entire prospectus carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this prospectus.

**There may be coverage in the media regarding the Global Offering and our operations.**

We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should read the entire prospectus carefully and should not rely on any of the information in press articles or other media coverage. Prospective investors should only rely on the information contained in this prospectus and the Application Forms to make investment decisions about us.