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## HISTORY AND CORPORATE STRUCTURE

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### HISTORY

The Company was established on 18 November 2004 as Yancoal Australia Pty Limited by Yanzhou when Yanzhou acquired the Austar underground mine in the Hunter Valley region of New South Wales in Australia. The Group has subsequently grown its business via strategic acquisitions to become the largest pure-play coal producer in Australia.

On 23 December 2009, the Group completed the successful takeover of Felix Resources, a coal producer then listed on the ASX, which included interests in the Moolarben, Yarrabee and Ashton mines. On 23 March 2010, the Company was converted to a public company named Yancoal Australia Ltd.

On 6 July 2012, the Group completed the strategic merger with Gloucester Coal, a coal producer then listed on the ASX, and became listed on the ASX. The Group acquired interests in the Middlemount joint venture, the Stratford Duralie and Donaldson mines and the Monash exploration project through the merger with Gloucester Coal.

On 31 December 2014, Yancoal SCN Limited ("**Yancoal SCN**"), a wholly-owned subsidiary of the Company, issued 18,005,102 subordinated capital notes ("**SCNs**") at US\$100 each which were listed on ASX on 2 January 2015. As at 31 January 2018, all outstanding SCNs were redeemed by Yancoal SCN or converted into Shares of the Company, and Yancoal SCN was delisted from the ASX on 2 February 2018. See "*Financial Information of the Group – Indebtedness – Subordinated Capital Notes*" for further details on the SCNs.

On 31 March 2016, as a result of certain financing arrangements, the Group transferred its interests in the Ashton, Austar and Donaldson mines to Watagan, which is wholly-owned but not controlled from an accounting perspective by the Group. Further details of the Watagan Agreements are set out in "*Financial Information – Acquisitions, Disposals and Deconsolidation*".

On 1 September 2017, the Group completed the C&A Acquisition which included interests in HVO and MTW. On 7 March 2018, the Group increased its interest in the Warkworth joint venture pursuant to the Warkworth Transaction. On 4 May 2018, the Group completed the Glencore Transaction pursuant to which a joint venture with Glencore was established in relation to HVO and the Group's interest in HVO was reduced. Further details of each of these transactions are set out in "*– Major Acquisitions and Disposals – C&A Acquisition*".

### KEY MILESTONES

The following table sets out the key milestones of the Group since its founding:

<u>Year</u>	<u>Event</u>
2004	Acquisition of 100% of Southland Mine (renamed Austar)
2009	Acquisition of 100% of Felix Resources (which included assets of an 80% interest in Moolarben, Yarrabee and a 60% interest in Ashton)
2011	Acquisition of a further 30% interest in Ashton

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<u>Year</u>	<u>Event</u>
2012	Merger with Gloucester Coal (which included assets of a near 50% interest in Middlemount, Stratford Duralie, Donaldson and Monash) and listing on the ASX
2014	Acquisition of the remaining 10% interest in Ashton
2015	Acquisition of a further 1% interest in Moolarben
2016	Transfer of 100% of Ashton, Austar and Donaldson to Watagan
2017	Completion of the C&A Acquisition
2018	Acquisition of a further 28.9% in the Warkworth joint venture
2018	Completion of the Glencore Transaction

### MAJOR ACQUISITIONS AND DISPOSALS

#### C&A Acquisition

On 1 September 2017, the Group completed the acquisition of the entire issued share capital of C&A from Rio Tinto for US\$2.69 billion in value, comprising US\$2.45 billion cash paid on completion and US\$240 million in future non-contingent royalty payments over five years following completion, and a coal price linked contingent royalty.

C&A is a leading Australian producer of high quality thermal coal and semi-soft coking coal, indirectly owning, at the time of acquisition, participating interests in three coal mine operations, namely a 67.6% interest in HVO, a 80.0% interest in the Mount Thorley mine and a 55.6% interest in the Warkworth mine, and other associated assets (the “**C&A Acquisition**”). Further details of the assets of C&A are set out in “*Business – Our Mining Operations*”.

To support the funding of the C&A Acquisition, the Company conducted a pro-rata renounceable entitlement offer of 23,464,929,520 Shares to raise US\$2.35 billion (the “**Entitlement Offer**”), and an associated placement of 1,000,000,000 Shares to Shandong Taizhong Energy Co., Ltd (“**Taizhong**”) and 500,000,000 Shares to Evercharm International Investments Ltd (“**General Nice**”) to raise a further US\$150 million (the “**Placement**”). The Company completed the Entitlement Offer and the Placement on 31 August 2017 and the Shares issued under the Entitlement Offer and the Placement commenced trading on ASX on 1 September 2017.

#### Warkworth Transaction

On 7 March 2018, the Group completed its purchase of an additional 28.9% interest in the Warkworth joint venture from MDP for US\$230 million (which is subject to finalisation of a working capital adjustment which includes cash), increasing its interests in the Warkworth joint venture from 55.6% to 84.5% and its share of coal production from the integrated Mount Thorley Warkworth operations from 64.1% to 82.9% .

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### Glencore Transaction

On 27 July 2017, the Company entered into a binding agreement to establish a 51:49 unincorporated joint venture with Glencore in relation to HVO. Glencore acquired a 32.4% interest from Mitsubishi Development Pty Ltd (“MDP”) for cash consideration of US\$710 million and a 16.6% interest from Group for cash consideration of US\$429 million. Pursuant to the terms of the joint venture agreement, Glencore is also responsible for 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 cash consideration amount of US\$429 million which was paid by Glencore for its interest in HVO is subject to post-completion finalisation of purchase price adjustments for HVO’s net debt, working capital and cash flows. The Glencore Transaction including the establishment of the joint venture was completed on 4 May 2018, further details of which are set out in “*Business – Joint Venture Agreements – HVO*”. The Group’s interest in HVO was reduced from 67.6% to 51.0% on completion of the Glencore Transaction.

### Moolarben Acquisition

The Company has entered into an agreement with KORES, subject to satisfaction of certain conditions precedent, to acquire a 4% interest in Moolarben for total consideration of A\$84 million, which will be paid in four installments through to 31 December 2019, and adjusted for the economic benefit of the 4% interest from 15 April 2018, that will flow to the Company. The Moolarben Acquisition will raise our interest in the unincorporated Moolarben JV to 85%.

### LISTINGS ON THE ASX

The Shares of the Company have been listed on the ASX since 28 June 2012. On 31 December 2014, Yancoal SCN issued 18,005,102 SCNs which were listed on ASX on 2 January 2015. On 2 February 2018, Yancoal SCN was delisted from the ASX following the redemption by Yancoal SCN or conversion into the Company’s Shares of all outstanding SCNs. See “*Financial Information of the Group – Indebtedness – Subordinated Capital Notes*” for further details on the SCNs.

To the best of the Directors’ knowledge and belief as at the date of this prospectus, the Company has complied with its financial reporting obligations (which are contained in Chapter 2M of the Australia Corporations Act) and its continuous disclosure obligations (which are contained in section 674 of the Australia Corporation Act) during the period that those obligations have applied since listing on the ASX.

The Company intends to maintain its primary listing on the ASX alongside its proposed primary listing of Shares on the Stock Exchange. Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and the Australian Entitlement Offer. The Directors consider that it would be desirable and beneficial to the Company to have the Shares listed on the Stock Exchange as the dual primary listing of the Company on the ASX and the Stock Exchange will allow the Company to increase diversity of its investor base and increase liquidity in the Shares, provide the Company better access to a wider range of private and institutional investors, increase its exposure to the Hong Kong and Mainland China markets, enhance the Company’s profile in the Asia region and better position the Company for organic and inorganic growth in the future.

# HISTORY AND CORPORATE STRUCTURE

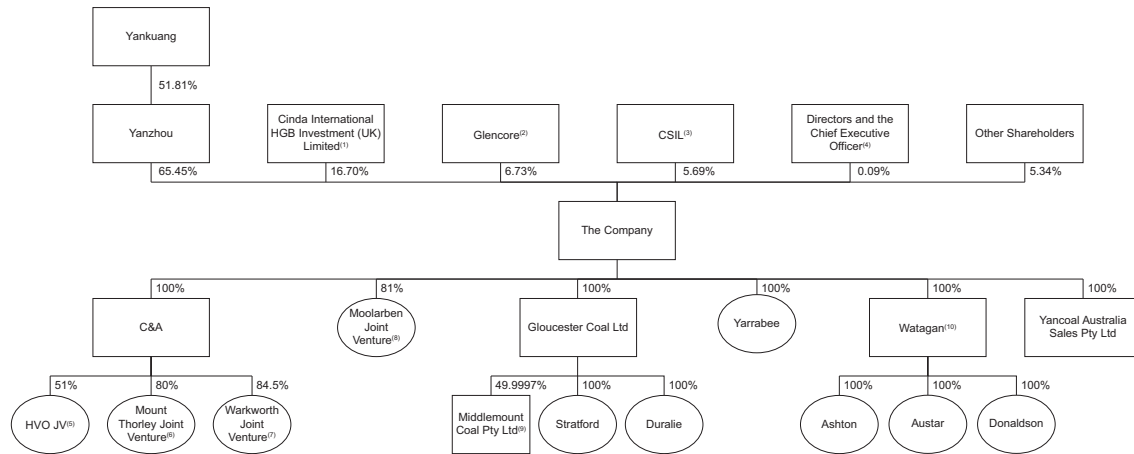
## THE REORGANISATION

In preparation for the Listing, the Shareholders approved the Share Consolidation by ordinary resolution at the general meeting of the Company held on 26 September 2018 pursuant to section 254H of the Australia Corporations Act. The Share Consolidation took effect on 28 September 2018 which resulted in the issued capital of the Company being consolidated on the basis of one Share for every 35 Shares in issue on 1 October 2018, and fractional entitlements as a result of holdings not being evenly divisible by 35 were rounded up to the nearest whole number. The issued share capital of the Company immediately following the Share Consolidation was 1,256,071,756 Shares.

## CORPORATE STRUCTURE

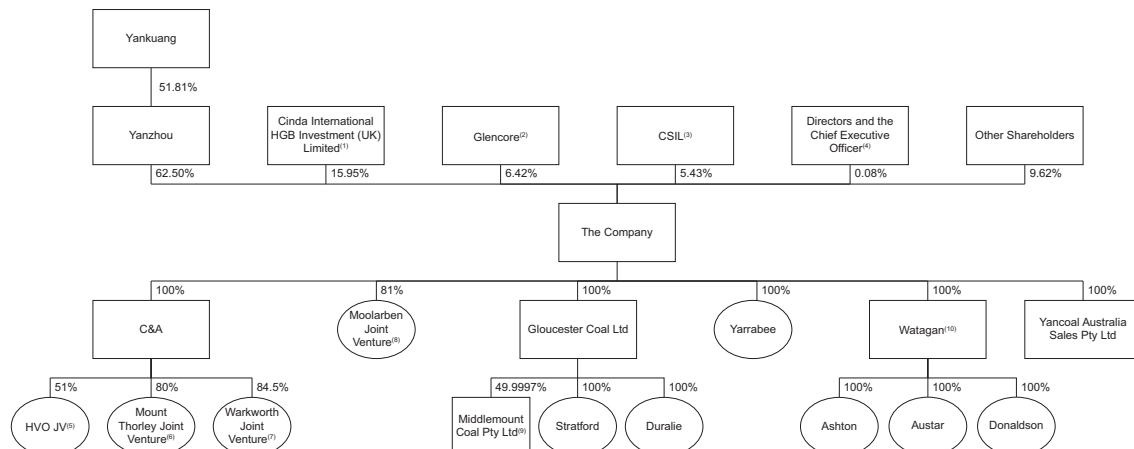
### Corporate Structure as at the date of this prospectus

The simplified corporate structure of the Group as at the date of this prospectus is as follows:



### Corporate Structure Immediately Following the Completion of the Global Offering

Immediately following the completion of the Global Offering and the Australian Entitlement Offer (assuming the Over-allotment Option is not exercised and other existing Shareholders do not take up their entitlements under the Australian Entitlement Offer), the simplified corporate structure of the Group will be as follows:



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*Notes:*

- (1) Cinda International HGB Investment (UK) Limited is a wholly owned subsidiary of China Cinda Asset Management Co., Ltd.. Its interests in the Shares are held by J P Morgan Nominees Australia Limited as nominee.
- (2) Glencore is a wholly owned subsidiary of Glencore Holdings Pty Limited which is in turn wholly owned by Glencore plc.
- (3) CSIL is a wholly owned subsidiary of Shandong Lucion Investment Holdings Group Co., Ltd.
- (4) Mr. Baocai Zhang, the Chair of the Board and a Non-executive Director, is interested in Shares representing approximately 0.02% of the issued share capital of the Company. Mr. Gregory Fletcher, an Independent Non-executive Director, is interested in Shares representing approximately 0.00% of the issued share capital of the Company. Dr. Geoffrey Raby, an Independent Non-executive Director, is interested in Shares representing approximately 0.00% of the issued share capital of the Company. Mr. Reinhold Schmidt, the Chief Executive Officer, is interested in Shares representing approximately 0.02% of the issued share capital of the Company. The remaining Shares are held by directors of subsidiaries of the Company.
- (5) The HVO JV is an unincorporated joint venture. Coal & Allied Operations Pty Ltd (a wholly owned subsidiary of the Company) is interested in 51.0% and Anotero Pty Ltd (a wholly owned subsidiary of Glencore) is interested in 49.0% of the HVO Joint Venture.
- (6) The Mount Thorley joint venture is an unincorporated joint venture. Mount Thorley Operations Pty Limited (a wholly owned subsidiary of the Company) and POSCO Australia Pty Ltd (a wholly owned subsidiary of Pohang Iron & Steel Company Limited, an independent third party) are interested in 80% and 20% of the Mount Thorley joint venture, respectively.
- (7) The Warkworth joint venture is an unincorporated joint venture. CNA Resources Limited and CNA Warkworth Australia Pty Limited (wholly owned subsidiaries of the Company) collectively hold 84.5%, and Mitsubishi Materials Corporation (an independent third party), and Nippon Steel & Sumitomo Metal Corporation (an independent third party) are interested in 6% and 9.5% of the Warkworth Joint Venture, respectively.
- (8) The Moolarben JV is an unincorporated joint venture. Moolarben Coal Mines Pty Ltd (a wholly owned subsidiary of the Company), Sojitz Moolarben Resources Pty Limited (an independent third party), and a consortium of Korean companies (comprising Korea Resources Corporation, Korea Southern Power Co., Ltd, Korea Midland Power Co., Ltd, Korea Western Power Co., Ltd and Korea South-East Power Corporation, each an independent third party) are interested in 81%, 10% and collectively 9% of the Moolarben Joint Venture, respectively. Upon completion of the Moolarben Acquisition, the Group's interest in the Moolarben JV will increase to 85%.
- (9) Middlemount Coal Pty Ltd is an incorporated joint venture. Gloucester (SPV) Pty Ltd (a wholly owned subsidiary of the Company) and Peabody Custom Mining Pty Ltd (a wholly owned subsidiary of Peabody Energy, an independent third party) are interested in 49.997% and 50.003% of Middlemount Coal Pty Ltd, respectively.
- (10) Watagan is wholly owned but not controlled from an accounting perspective by the Company. See "*Business – Our Mining Operations – Watagan Mines – Watagan Agreements*" for further details.