



Quarterly Report

For the quarter ending 30 September 2021

Issued 19 October 2021

September Quarter 2021 (3Q 2021)

- 16.6Mt 100% basis ROM coal production, up 10% from 2Q 2021.
- 9.9Mt Attributable saleable coal production, up 11% from 2Q 2021.
- 10.4Mt Attributable mine production sales, up 21% from 2Q 2021.
- A\$155/t Average realised coal price, up 53% from 2Q 2021.
- 7.9 TRIFR (12mth rolling), compared to 8.4 at the end of 2Q 2021.

Performance summary

Our workforce's safety is always our priority; Yancoal continued its successful COVID-19 response and better than industry average TRIFR in 3Q 2021.

Coal prices rallied throughout the quarter and finished at record levels. Our overall realised price increased by A\$54/t to A\$155/t for the 10.4Mt attributable sales volume.

Attributable ROM and saleable coal output improved (16% & 11%, respectively); however, shifts lost to the COVID-19 response, continued wet weather and unplanned maintenance during the quarter affected production at several operations. We are now unlikely to recover all the production lost in the first half of the year that resulted primarily from the March floods and wet weather in NSW and have revised our 2021 production target to around 37.5Mt to account for the current operational conditions.

The reduced output combined with higher uncontrollable costs necessitated a revision of our operating cash cost guidance to A\$66-68/t¹. The uncontrollable costs include elevated diesel costs, prolonged demurrage factors and elements associated with the COVID-19 response. The deferral of about A\$40 million of capital expenditure into 2022 partially offsets the increased operating cash cost.

Reduced output and higher unit costs are also partly a result of our strategy to incur lower yield and higher wash costs to produce lower-ash coal that delivers additional revenue. This approach is limited to specific coal seams at some mines but boosts operating cash flow where available. The guidance revision's negative impact on profit and cash flow are modest compared to the positive uplift from record coal prices, which we expect to remain elevated during 4Q 2021.

2021 Guidance

- Attributable saleable coal production of around 37.5Mt (was around 39Mt).
- Cash operating costs (exc. royalties) of A\$66-68/t (was A\$62-64/t).
- Attributable capital expenditure of A\$320-340 million (was A\$360-380 million).

¹ The operating cost guidance includes a non-FOB cost related to sea freight. See page 7 for further explanation.

Production and Sales Data

ROM COAL PRODUCTION, Mt	Mine type	Economic Interest	3Q 2021	2Q 2021	PP Change	3Q 2020	PCP Change	9 months year-to-date		
								2021	2020	Change
Moolarben	OC / UG	95%	5.3	5.5	(4%)	5.6	(5%)	15.4	16.7	(8%)
Mount Thorley Warkworth	OC	82.9%	4.7	3.5	34%	5.0	(6%)	12.1	13.2	(8%)
Hunter Valley Operations	OC	51%	3.8	3.6	6%	4.1	(7%)	10.2	12.5	(18%)
Yarrabee	OC	100%	1.0	0.5	100%	1.0	-%	2.1	2.4	(13%)
Stratford Duralie	OC	100%	0.3	0.3	-%	0.2	50%	0.8	0.6	33%
Middlemount	OC	49.9997%	0.7	1.3	(46%)	1.0	(30%)	3.2	2.7	19%
Ashton	UG	100%	0.8	0.4	100%	1.0	(20%)	2.1	2.7	(22%)
Total – 100% Basis			16.6	15.1	10%	17.9	(7%)	45.9	50.8	(10%)
Total – Attributable			13.0	11.2	16%	12.7	2%	34.9	36.1	(3%)

SALEABLE COAL PRODUCTION, Mt	Coal type	Attributable Contribution	3Q 2021	2Q 2021	PP Change	3Q 2020	PCP Change	9 months year-to-date		
								2021	2020	Change
Moolarben	Thermal	95%	4.6	5.1	(10%)	5.1	(10%)	13.8	15.3	(10%)
Mount Thorley Warkworth	Met. Thermal	82.9%	3.2	2.3	39%	3.5	(9%)	8.2	8.8	(7%)
Hunter Valley Operations	Met. Thermal	51%	2.9	2.6	12%	2.9	-%	8.0	9.2	(13%)
Yarrabee	Met. Thermal	100%	0.7	0.4	75%	0.8	(13%)	1.9	2.3	(17%)
Stratford Duralie	Met. Thermal	100%	0.2	0.2	-%	0.1	100%	0.5	0.3	67%
Middlemount	Met. Thermal	0% (equity accounted)	0.7	0.9	(22%)	0.7	-%	2.5	1.9	32%
Ashton	Met.	100% (from 17-Dec-20)	0.4	0.2	100%	0.4	-%	1.0	1.3	(23%)
Total – 100% Basis			12.7	11.7	9%	13.5	(6%)	35.9	39.1	(8%)
Total – Attributable			9.9	8.9	11%	10.2	(3%)	27.4	29.2	(6%)

SALES VOLUME by coal type, Mt	3Q 2021	2Q 2021	PP Change	3Q 2020	PCP Change	9 months year-to-date		
						2021	2020	Change
Metallurgical	1.5	1.3	15%	1.1	36%	4.2	3.0	40%
Thermal	8.9	7.3	22%	9.0	(1%)	23.4	25.5	(8%)
Total – Attributable	10.4	8.6	21%	10.1	3%	27.6	28.5	(3%)

Notes:

- Attributable figures exclude production from Middlemount (incorporated joint venture and equity-accounted); and Watagan (equity-accounted investment and deconsolidated between 31 March 2016 and 16 December 2020).
- Attributable figures for Moolarben are 95% from 1 January 2020; but the attributable economic interest is 85% up to 31 March 2020 and 95% thereafter.
- Ashton volumes in Q1 2020 include the final tonnes produced at Austar before operations transferred to 'care and maintenance'.
- 'Sales volumes by coal type' excludes the sale of purchased coal.
- ROM = Run of Mine; the volume extracted and available to be processed.
- FOB = Free on Board; costs included up to the point of loading coal on to a ship for export.

1Q = March quarter Period

2Q = June quarter Period

Mt = million tonnes

Met. = Metallurgical coal

3Q = September quarter period

4Q = December quarter period

FY2020 = Full Year 2020

PP = Prior period

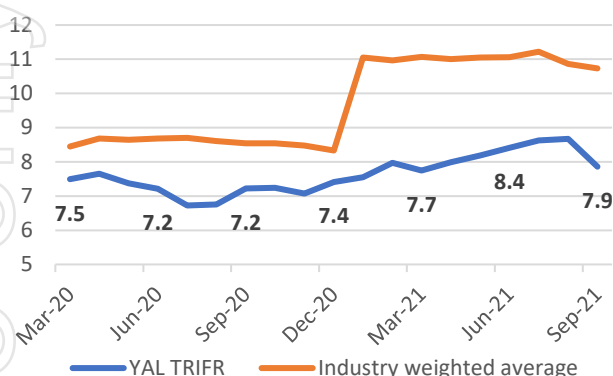
PCP = Prior corresponding period

UG = Underground

OC = Open-cut

SAFETY STATISTIC

YAL 12mth Rolling TRIFR *



CEO COMMENT

The health and wellbeing of all Yancoal employees remain a key focus. The 12-month rolling Total Recordable Injury Frequency Rate² at the end of 3Q 2021 was 7.9, compared to 8.4 at the end of 2Q 2021³. This figure compares favourably with the comparable industry weighted average TRIFR of 10.7 at the end of September. Aside from isolated incidents, all our operations remain COVID-19 free, with protocols in place to respond to any recurrence of positive cases in the community.

Production increased at most mines following the wet weather disruptions of the first half. An 11% increase in attributable saleable coal volume was a good outcome considering the ongoing COVID-19 disruptions. All mines have put crew separation measures in place, staggered crew starting times and dedicated additional time to employee briefings on mandatory COVID-19 protocols. This rigorous approach has ensured any COVID-19 impact has been kept to a minimum; however, some mines have incurred reduced operating hours.

Reduced employee availability as a result of following government protocols, limitations on contractors at

site, transport delays affecting spare part deliveries, and the isolated COVID-19 incidents at two of our large mines (HVO and MTW) further curbed output.

The wet weather in NSW eased, but the high water volumes still on-site constrained mining at some operations. In contrast, the Queensland mines, which had been unaffected by rain in the first half, had weather disruption during the period.

Ship queues are reducing, but demurrage costs remain above normal levels. The increased diesel prices due to the global energy shortage are negatively impacting site operating costs.

The final quarter should deliver a further increase in production; however, we have trimmed the production guidance to account for the current operating conditions.

Coal prices rather than production rates will be the primary driver of Yancoal's financial performance in 2021. At some mines, where coal seams have the appropriate qualities, we intentionally incur higher wash costs and lower yields to increase the overall operating margin.

Our average realised coal price for the period was A\$155/tonne; this was a A\$54/tonne (53%) increase over the price recorded in the prior quarter. Considering our realised price lags index prices due to contract structures, and the index prices were still rising at the end of the period, the outlook for the realised price in the final quarter is positive.

Although there is an elevated demand for coal, our focus remains on the controllable elements of our business. A disciplined approach to production and operating costs ensures the best outcome in all coal

² Attributable TRIFR includes Moolarben, Mount Thorley Warkworth, Stratford Duralie, Yarrabee and Corporate; it excludes Joint venture operated Middelmont and Hunter Valley Operations as well as Watagan (up to 16 December 2020). The Industry Weighted Average combines proportional components from the relevant New South Wales and Queensland Industry references.

* From January 2021 onwards the Yancoal TRIFR and Industry weighted average were revised to include the Watagan assets.

³ Prior periods may be revised for reclassification of past events.

market conditions. Yancoal's strategic advantage is its low cost of production and ability to blend its output to meet customer requirements. Our assets perform consistently throughout the coal price cycle and deliver robust revenue without compromising our mine plans or maintenance schedules to force a temporary production gain.

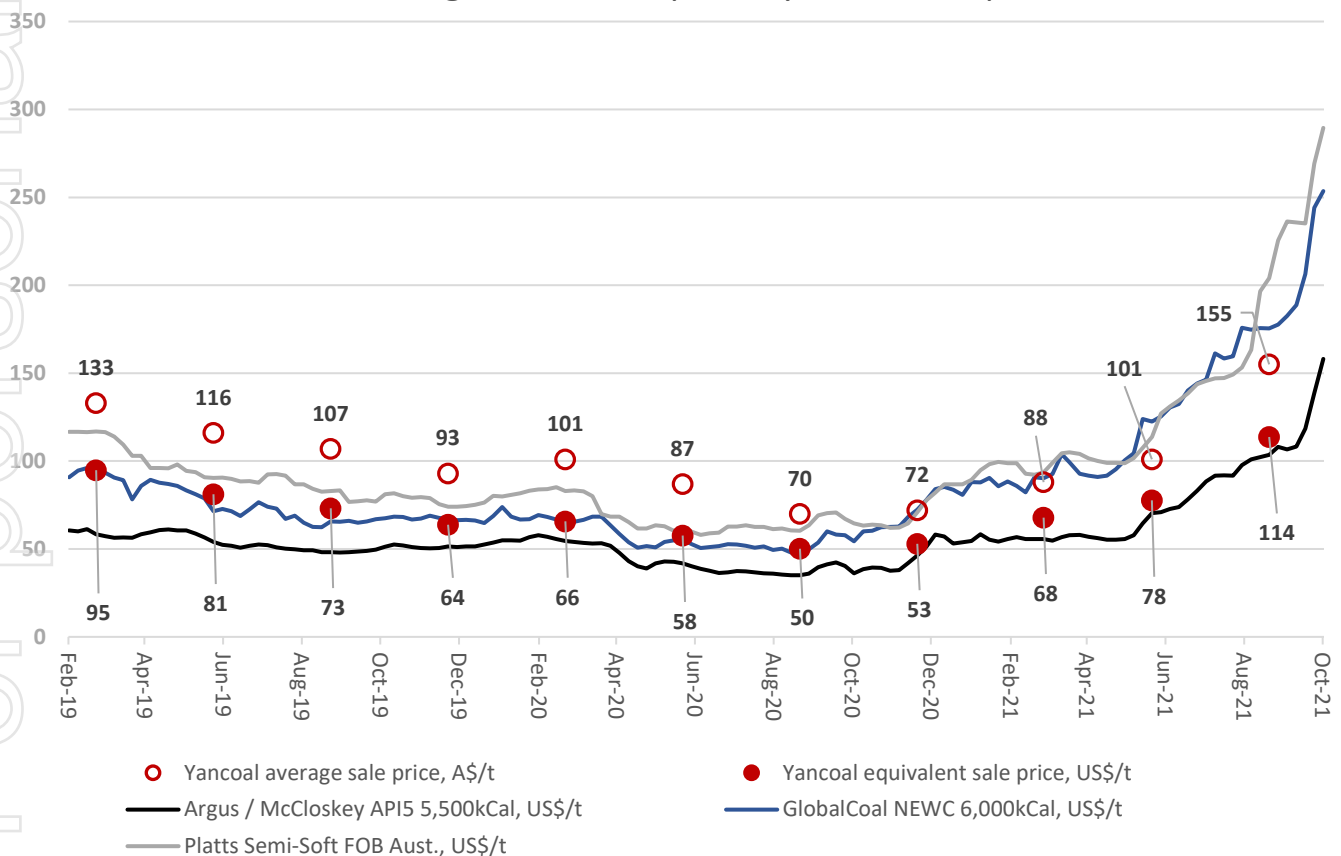
COAL SALES and PRICING

During 3Q 2021, attributable sales (10.4Mt) were 0.5Mt above the attributable saleable production (9.9Mt) as Yancoal maximised its effort to meet customer demand. Similar to prior quarters, the 'lag

effect' on the realised prices we report results from the timing between when the contract is agreed and when it is performed. Through the second half of 2021, we are running down the accumulated stockpile of saleable coal.

Yancoal purchased additional coal for blending, per its usual practice, to optimise the overall product mix and realised prices. Yancoal's average realised sale price in 3Q 2021 was A\$155/t across the combined thermal and metallurgical coal volumes, compared to A\$101/t in the prior quarter and A\$70/t in the prior corresponding period.

Market Index Pricing and Yancoal quarterly overall sale price



COAL MARKET OUTLOOK

Yancoal sells most of its thermal coal on contracts linked to the All Published Index 5 (API5) 5,500kCal index, with the balance priced off the GlobalCOAL NEWC 6,000kCal NAR index (GCNewc). During 3Q 2021, the API5 price averaged US\$98/t but subsequently ended above US\$100/t. This positive price trend was less pronounced than the rally in the GCNewc price, which averaged US\$169/t and ended the quarter at around US\$205/t. This price differential is more than at any time in the past ten years.

Reduced API5 imports by China is one factor contributing to the price differential. Yancoal has sought new customers and continually optimises its coal blending strategy to meet customer needs.

Despite wet weather events no longer affecting thermal coal exports out of Newcastle, a supply increase in response to high prices has not been apparent. Similarly, China does not appear to have

increased its domestic production. Price indices continue to appreciate on the back of increased global energy demand as the economic recovery continues and the northern hemisphere winter approaches. Exports might gradually increase with the disruptions caused by rains in Australia and Indonesia and logistic concerns in Russia and South Africa passing. Appreciating steel prices and conditions in the premium thermal coal market support the semi-soft coking coal index.

Yancoal optimises its production to maximise sales between the different markets and seeks diversification of its customer base. Yancoal has sufficient infrastructure capacity throughout 2021 to facilitate the year's planned sales. During the remainder of 2021 and into 2022, we expect a continued recovery of global economic conditions and the associated demand for electricity generation to support thermal coal indices.

ASSET PERFORMANCE

The wet weather conditions in NSW abated towards the end of the period for most mines; however, the Queensland operations incurred weather delays. While there have been no prolonged COVID-19 disruptions, some mines have encountered reduced workforce availability or a temporary suspension of operations. Combined with unplanned maintenance, these factors have affected the planned recovery of output lost due to rain and flooding during the first half. Rail and port allocations remain sufficient to meet our planned 2021 activities.

Moolarben

Workforce availability was affected by COVID-19 as various team members followed government protocols and adhered to mandatory isolation measures, impacting production. A longwall move at the underground mine was completed during the quarter; as a result, output was reduced but is now back to normal operating levels. With the completion of the longwall move, mining has moved past the hard rock intrusion that disrupted activity in the year's first half.

Mount Thorley Warkworth (MTW)

MTW has pursued additional sales into the low-ash thermal coal market to maximise profitability. It has targeted specific coal seams and achieved a favourable trade-off between lower saleable tonnes and higher realised prices. On-site water levels remain elevated, and this is constraining some mining activities. Late in the quarter, mining was suspended for a period of 36 hours as the mine followed government protocols following the notification of a positive COVID-19 case. A second, new 800-tonne excavator was commissioned during the quarter, which will benefit mining activity in future periods.

Hunter Valley Operations (HVO)

At HVO, there has been an emphasis on maximising output from the wash plant and reducing the ROM stockpile. A temporary shutdown of the wash plant was unavoidable late in the quarter following two confirmed COVID-19 cases for contractors who had

visited the site, and government protocols were followed. The second wash plant will resume operations in November to recover some of the output lost during the year.

Yarrabee

Yarrabee experienced significant wet weather during the quarter, along with some geological issues that affected overburden activities. The productivity impacts cascaded through the period. Yarrabee has also targeted higher-priced sales with the mine reducing its wash plant bypass thermal coal volumes in favour of realising higher-priced PCI sales.

Stratford Duralie

The mine had favourable weather conditions and good performance for the period. During September, production rates slowed in some mining locations due to complex splitting in the coal seams, requiring significant technical support to manage and ensure the most effective outcome for load and haul activities.

Middlemount

Wet weather, geotechnical issues and unplanned maintenance affected mining during the quarter. At the wash plant, an owner-operator workforce model has replaced the contractors. There were some initial challenges, but the wash plant was soon running as planned.

Ashton

The longwall at Ashton encountered poor roof and soft floor conditions during the period. These conditions reduced output, and the additional stone material in the ROM coal impacted the wash plant yield. Operating standards are being maintained to ensure mitigation measures are in place.

GROWTH INITIATIVES

At Moolarben, Yancoal has the required approvals to increase annual open-cut mine ROM production from 14Mt to 16Mt. Studies under review incorporate work to assess the optimal production profile and address the various licensing requirements. Yancoal's ability to increase open-cut production depends on increasing the capacity at the Coal Handling and Preparation Plant (CHPP). This CHPP project has commenced, and the expansion to 16Mtpa from the open-cut will occur over the next 18 months. The MTW underground mine concept remains subject to study and assessment.

Yancoal continually examines opportunities to grow the business. The Company is open to expanding or extending the operational profile of its existing assets with organic projects, like those identified at Moolarben. It would also consider acquiring additional coal assets or diversifying into other minerals, energy

or renewable energy projects should suitable opportunities arise. Any new initiative would be subject to careful evaluation and require Yancoal Board consideration and approval before commencement.

SEA FREIGHT IN THE OPERATING COST

The operating cost guidance for 2021 includes sea freight costs incurred on a single sales contract where the contract revenue is priced inclusive of sea freight. The 2021 sea freight component is estimated at ~A\$2/tonne. Our 2020 operating cash costs of \$59/tonne would have been \$58/tonne if the sea freight component was excluded.

CORPORATE ACTIVITY

On 30 September 2021, the number of ordinary shares was 1,320,439,437, unchanged during the period.

Authorised for lodgement by the Yancoal Disclosure Committee.

This report was compiled from verified material. The Yancoal Audit and Risk Management Committee (ARMC) evaluates and reviews the process and content to confirm the integrity of the report.

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