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兗州煤業股份有限公司

**YANZHOU COAL MINING COMPANY LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 1171)

## **Announcement**

### **Acquisition of Potash Exploration Permits in Canada**

**This is a voluntary announcement made by the Company.**

**On 18 July 2011, the Company entered into a Purchase Agreement with each of Devonian Potash Inc. and North Atlantic Potash Inc., as amended and assigned to Yancoal Canada Resources Co., Ltd., the Company's wholly-owned subsidiary in Canada, on 22 September 2011. Pursuant to the Purchase Agreements, Yancoal Canada Resources Co., Ltd. acquired, for a total consideration of US\$260 million, 19 potash mineral exploration permits in the Province of Saskatchewan, Canada, among which 11 potash mineral exploration permits were acquired from Devonian Potash Inc. and the remaining 8 potash mineral exploration permits were acquired from North Atlantic Potash Inc.. As at 30 September 2011, the Transaction has been approved by the relevant government authorities in China and Canada respectively. Yancoal Canada Resources Co., Ltd. has completed the permit transfer registrations.**

**The Transaction does not constitute a connected transaction.**

**The general manager's office of the Company has the authority to approve the Transaction.**

**Through the Transaction, the Company will be able to fully leverage its mining expertise and to enhance commercial benefits.**

#### **The Transaction**

The board of directors (the "**Board**") of Yanzhou Coal Mining Company Limited (the

“**Company**”) announces that the Company had respectively entered into a purchase agreement with each of Devonian Potash Inc. and North Atlantic Potash Inc. on 18 July 2011 (each a “**Purchase Agreement**”, collectively, the “**Purchase Agreements**”), as amended and assigned to Yancoal Canada Resources Co., Ltd., the Company’s wholly-owned subsidiary in Canada, on 22 September 2011.

Pursuant to the Purchase Agreements, Yancoal Canada Resources Co., Ltd., for a total consideration of US\$260 million, acquired 19 potash mineral exploration permits in the Province of Saskatchewan, Canada (the “**Transaction**”), among which 11 potash mineral exploration permits were acquired from Devonian Potash Inc. and the remaining 8 potash mineral exploration permits were acquired from North Atlantic Potash Inc.

As at 30 September 2011, the Transaction has been approved by the relevant government authorities in China and Canada respectively. Yancoal Canada Resources Co., Ltd. has completed the permit transfer registrations.

The acquired permits cover approximately 1,325,388.17 acres of area (about 5,363.84 square kilometers) in aggregate, all located in the Province of Saskatchewan, Canada. Based on the preliminary exploration information, it is expected that the permit area may have abundant potash resources. However, further in-depth exploration work will be required post Transaction to produce formal estimates of potash resources and reserves in compliance with internationally recognized reporting standards.

### **Information on the counterparties**

Devonian Potash Inc and North Atlantic Potash Inc are limited companies registered in Canada. As far as the Company is aware, the direct controlling shareholder of North Atlantic Potash Inc. is JSC Acron, which is listed on the Moscow Interbank Currency Exchange, Russian Trading System and London Stock Exchange, and is one of Russia’s major producers of ammonia, nitrogen and complex fertilizers and the world’s second largest producer of NPK (Nitrogen, Phosphorus and Potassium). Devonian Potash Inc. is privately owned.

### **Reasons for the Transaction**

The Company, through the Transaction, will be able to fully leverage its mining expertise and to enhance commercial benefits. The Company will consistently adhere to market-focused business principles and localized operating approaches in overseas investment, to carry out the follow-up exploration activities and other operations with respect to the relevant Canadian potash resources accordingly.

By order of the board of Directors  
**Yanzhou Coal Mining Company Limited**  
**Li Weimin**  
*Chairman of the board*

Zoucheng, Shandong Province, the PRC

30 September 2011

*As at the date of this announcement, the Directors of the Company are Mr. Li Weimin, Mr. Wang Xin, Mr. Zhang Yingmin, Mr. Shi Xuerang, Mr. Wu Yuxiang, Mr. Zhang Baocai and Mr. Dong Yunqing, and the independent non-executive Directors of the Company are Mr. Wang Xianzheng, Mr. Cheng Faguang, Mr. Wang Xiaojun and Mr. Xue Youzhi.*