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兖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)

VOLUNTARY ANNOUNCEMENT

**YANZHOU COAL MINING COMPANY LIMITED
DEBT FINANCING TRANSACTION OF OVERSEAS SUBSIDIARY**

This voluntary announcement is made by Yanzhou Coal Mining Company Limited.

On 17 February 2016, a subsidiary of the Company, Yancoal Australia announced that it would participate in a debt financing transaction which involves an issue of up to US\$950 million nine-year debt bonds. The details are as follows:

Bonds

Principal

The Bonds will be issued in two tranches: the principal for the Tranche 1 Bonds will be up to US\$760 million and the principal for the Tranche 2 Bonds will be US\$190 million.

Interest

The annual interest rate for the Tranche 1 Bonds will be approximately 8.55% while the interest rate payable on the Tranche 2 Bonds will vary between 0% and 15% per annum, depending on the "Earnings Before Interest, Taxes, Depreciation and Amortization" (EBITDA) performance of the Bonds Issuer and its subsidiaries.

Other Terms

1. United NSW Energy Ltd will gain control of the Bonds Issuer by having the right to appoint the majority of directors on the board of directors of the Bonds Issuer.
2. Yancoal Australia will be appointed as the exclusive service provider of management, mine management, marketing and infrastructure services for the Bonds Issuer under 10 year contracts. The Bonds Issuer may terminate the term of service of Yancoal Australia with six-month notice.
3. Yankuang Group will support the transaction through the grant of a Put Option to the

Bonds Holders. The Put Option will allow the Bonds Holders to transfer their Bonds to Yankuang Group at face value during option exercise windows occurring after three, five, seven and nine years. Yankuang Group will not have the right to appoint directors of the Bonds Issuer and will not have any rights to guarantee and mortgages or other rights under the Bonds.

As a consequence of the transaction, Yancoal Australia will cease to control the Bonds Issuer (and its assets) from an accounting perspective. Yancoal Australia's investment in the Bonds Issuer will be reflected in its balance sheet as an 'investment accounted for using the equity method' and appropriate disclosure of the financial position and financial performance of the Bonds Issuer will be included in the accounting notes in accordance with applicable accounting standards.

The issuance of the Bonds remains subject to satisfaction of a number of conditions precedent, including the obtaining of approval from the Foreign Investment Review Board of Australia, registrations from PRC regulatory authorities (the National Development and Reform Commission and the State Administration of Foreign Exchange) and receipt of certain other third party consents.

The issuance of the Bonds is expected before 30 April 2016, subject to the satisfaction of all conditions precedent.

Information of the Bonds Issuer

The Bonds Issuer is wholly-owned by Yancoal Australia and is interested as to 100% in the mining assets of Donaldson, Ashton and Austar, New South Wales.

Ashton

Located in the Upper Hunter Valley region of New South Wales, the Ashton underground mine produces semi-soft coking coal for export through the Port of Newcastle.

Ashton produced 2.59 million tonnes of ROM coal and 1.19 million tonnes of saleable coal in 2014.

Austar

Located south west of Cessnock in the Newcastle Coalfields, Austar produces a premium semi-hard coking coal, characterised as the highest fluidity and lowest ash coking coal in Australia, with low phosphorous and low alkalis, shipping through the Port of Newcastle.

Austar produced 1.88 million tonnes of ROM coal for the period, with saleable coal production of 1.51 million tonnes in 2014.

Donaldson

Located in the Hunter Valley, Donaldson’s underground Abel mine produces thermal and semi-soft coking coal for blending, exporting via the Port of Newcastle.

Donaldson’s Abel underground mine produced 2.50 million tonnes of ROM coal and 1.95 million tonnes of saleable coal in 2014.

Information of the Bonds Holders

The Bonds are intended to be issued to financiers comprising BOCI Financial Products Limited, United NSW Energy Ltd and Industrial Bank Co. Ltd.

Industrial Bank Co. Ltd. is a Chinese bank listed on the Shanghai Stock Exchange.

United NSW Energy Limited is an alternative investment company incorporated in the British Virgin Islands and a subsidiary of Bohai Industrial Investment Fund Management Co. Ltd.

BOCI Financial Products Limited is a subsidiary of Bank of China Ltd.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Bonds”	the US\$950 million nine-year debt bonds proposed to be issued by the Bonds Issuer;
“Bonds Issuer”	a company wholly-owned by Yancoal Australia and was newly established, which is interested as to 100% in the mining assets of Donaldson, Ashton and Austar, New South Wales;
“Bonds Holders”	financiers comprising BOCI Financial Products Limited, United NSW Energy Ltd and Industrial Bank Co. Ltd.;
“Company”	兗州煤業股份有限公司, Yanzhou Coal Mining Company Limited, a joint stock limited company established under the laws of the PRC in 1997, and the H Shares, American depositary shares and A Shares of which are listed on the Hong Kong Stock Exchange, New York Stock Exchange and the Shanghai Stock Exchange, respectively;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Hong Kong Stock	The Stock Exchange of Hong Kong Limited;

Exchange”	
“Put Option”	the put option(s) to be granted by Yankuang Group to the Bonds Holders in relation to the Bonds;
“EBITDA”	earnings before interest, taxes, depreciation and amortization;
“Tranche 1 Bonds”	the first tranche of the Bonds with a principal of not more than US\$760 million;
“Tranche 2 Bonds”	the second tranche of the Bonds with a principal of not more than US\$190 million;
“USD”	the United States dollars, the lawful currency of the United States;
“Yancoal Australia”	Yancoal Australia Limited, a company with limited liability incorporated under the laws of Australia in 2004 and a 78% owned subsidiary of the Company. The shares of Yancoal Australia are traded on the Australian Securities Exchange;
“Yankuang Group”	Yankuang Group Company Limited, a company with limited liability reformed and established in accordance with PRC laws in 1996, being the controlling shareholder of the Company directly and indirectly holding 56.52% of the total share capital of the Company as at the end of this reporting period; and
“%”	percentage.

By order of the Board
Yanzhou Coal Mining Company Limited
Li Xiyong
Chairman of the Board

Zoucheng, Shandong Province, the PRC
17 February 2016

As at the date of this announcement, the directors of the Company are Mr. Li Xiyong, Mr. Yin Mingde, Mr. Wu Yuxiang, Mr. Zhang Baocai, Mr. Wu Xiangqian and Mr. Jiang Qingquan, and the independent non-executive directors of the Company are Mr. Wang Lijie, Mr. Jia Shaohua, Mr. Wang Xiaojun and Mr. Xue Youzhi.