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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

Provision of Financial Guarantee to the Company's Subsidiaries and Granting of Authorization to Yancoal Australia and Its Subsidiaries to Provide Guarantees for the Daily Operation of the Subsidiaries of Yanzhou Coal Mining Company Limited in Australia

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. Summary of this authorization of guarantee

(1) Basic information of this authorization of guarantee

1. In order to reduce financing costs of the subsidiaries and to ensure that the normal operation funding needs of its subsidiaries can be satisfied, Yanzhou Coal Mining Company Limited (“**Yanzhou Coal**” or the “**Company**”) submits to the general meeting for authorizing the provision of financial guarantee by the Company to its subsidiaries for a total amount not exceeding USD4 billion or its equivalents.
2. In order to meet the normal operational needs of the Company’s subsidiaries in Australia (the “**Australian Subsidiaries**”), Yancoal Australia Limited (“**Yanocal Australia**”) and its subsidiaries need to provide guarantees to the Australian Subsidiaries with an amount not exceeding AUD900 million for their daily operations. With reference to the general practice of the daily operations of the operating companies in Australia, the parent companies often provide guarantees to their own subsidiaries. The guarantees for operation concerned include the provision of guarantee by Yancoal Australia to its subsidiaries, by the subsidiaries of Yancoal Australia to their subsidiaries, and

by Yancoal Australia and its subsidiaries to the subsidiaries of Yancoal International (Holding) Co., Ltd. ("**Yancoal International**") in Australia. Such guarantees are mainly made in the form of bank guarantee.

(2) Basic information of the authorization of guarantee

1. The provision of financial guarantee by the Company to its wholly-owned or controlled subsidiaries for an amount not exceeding USD4 billion or its equivalents is approved.
2. The provision of guarantees by Yancoal Australia and its subsidiaries for an amount not exceeding AUD900 million to the Australian Subsidiaries for their daily operations is approved.
3. The granting of authorization to the Chairman of the board of directors of the Company to deal with matters in relation to the aforesaid financial guarantees in accordance with the relevant laws, regulations and rules is approved. Such matters include but are not limited to the following:
 - (1) to determine the appropriate wholly-owned or controlled subsidiaries which will be provided with the guarantees based on the financing needs;
 - (2) to determine the exact terms and conditions of the guarantee agreements, which include but are not limited to the amount, term, scope and method of guarantee; and executing the guarantee agreement(s) involved and other relevant legal documents; and
 - (3) to deal with the filing and reporting of documents and information in respect of the guarantee(s) and other relevant matters.
 - (4) The aforementioned authorization shall become valid after it is approved by the shareholders at the 2016 annual general meeting until the date of convening of the next annual general meeting of the Company, except where the circumstances require the person(s) so authorized to exercise his powers after the expiry of the term of authorization in relation to any contracts, agreements or decisions regarding the financial guarantees that have been made within the term of authorization.

(3) Process of internal decision-making for performing this authorization of guarantee

The "Proposal in relation to provision of financial guarantee to the Company's subsidiaries and granting of authority to Yancoal Australia and its subsidiaries to provide guarantees for the daily operation of the subsidiaries of the Company in Australia" was considered and approved at the thirtieth meeting of the sixth session of the board of directors of the Company held on 31 March 2017, and will be submitted to the 2016 annual general meeting for consideration and approval.

II. Basic information of the guaranteed parties

The guaranteed parties and the guarantees are as follows:

1. **Yancoal Australia:** As considered and approved at the 2011 annual general meeting, Yancoal Australia acquired equity interest in Yancoal Resources Limited with loan amount of USD3.04 billion. As at 31 December 2016, the balance of the aforementioned loan was USD2.74 billion and the guarantee provided by Yanzhou Coal to Yancoal Australia was USD1.825 billion and RMB6.545 billion.

As approved at the 2014 first extraordinary general meeting, the Company provided financial guarantee to Yancoal Australia in respect of loan amount of AUD0.187 billion. As at 31 December 2016, the balance of the aforementioned guarantee was AUD0.1 billion.

2. **Yancoal International:** As considered and approved at the 2012 annual general meeting, the Company provided a guarantee of RMB2.81 billion in respect of the loan of USD300 million to Yancoal International.

As considered and approved at the 2014 annual general meeting, the Company provided a bank guarantee in respect of the loan of USD100 million to Yancoal International, a wholly-owned subsidiary of the Company.

3. **Yancoal International Resources Development Co., Ltd. ("Yancoal International Resources"):** As considered and approved at the second extraordinary general meeting in 2012, the Company provided a guarantee in respect of the issuance of USD1 billion corporate bonds in the overseas market by Yancoal International Resources, a wholly-owned subsidiary of the Company. As at 31 December 2016, the balance of the aforementioned guarantee was USD 0.584 billion.

4. **Yancoal International Trading Co., Ltd. ("Yancoal International Trading"):** As considered and approved at the 2015 annual general meeting, the Company provided a guarantee to Yancoal International Trading, a wholly-owned subsidiary of the Company. As at 31 December 2016, the Company provided a guarantee of USD20 million to Yancoal International Trading.

5. **Qingdao Zhongyin Ruifeng International Trade Co., Ltd. ("Zhongyin Ruifeng"):** As considered and approved at the 2015 annual general meeting, the Company provided a guarantee to Zhongyin Ruifeng, a controlled subsidiary of the Company. As at 31 December 2016, the Company provided a guarantee of RMB1.345 billion to Zhongyin Ruifeng.

6. **Australian Subsidiaries:** As considered and approved at the 2015 annual general meeting, Yancoal Australia and its subsidiaries provided guarantees of an amount not exceeding AUD0.5 billion to the Australian Subsidiaries for their daily operations on an annual basis. As at 31 December 2016, together with the amount of guarantees incurred in the previous period and extended to 2016, Yancoal Australia and its subsidiaries incurred performance deposits and guarantees totaling AUD0.441 billion due to the operation needs.

For the basic information of the guaranteed parties, please refer to Appendix 1 –Basic information of the Company’s subsidiaries which are proposed to be guaranteed, Appendix 2 –Basic information of the subsidiaries of Yancoal Australia which are proposed to be guaranteed, and Appendix 3 – Basic information of the subsidiaries of Yancoal International (Holding) which are proposed to be guaranteed.

III. Contents of the guarantee agreement and guaranteed parties

As of the date of this announcement, the Company has not yet signed any guarantee agreement. The Company will strictly fulfill its obligations in relation to the guarantee matters based on the arrangements of the financing activities and the actual circumstances facing the Company during the term of the guarantees in accordance with the authorization by the shareholders at the general meeting.

IV. Opinion of the Board

All members of the board of directors of the Company (including the independent non-executive directors) are of the view that the matters in relation to the provision of financial guarantee by the Company to its wholly-owned or controlled subsidiaries and the granting of authorization to Yancoal Australia and its subsidiaries to provide guarantees for the daily operation of the Australian Subsidiaries meet the operational development needs of the Company and its subsidiaries. The provision of guarantees by Yancoal Australia and its subsidiaries to the Australian Subsidiaries is for the daily operational needs and in compliance with the laws and regulations of Australia and the local customary practice. The above guaranteed parties are either wholly-owned or controlled subsidiaries of the Company. The Company therefore believes that the risk arising from the guarantee can effectively be controlled and prevented, and that the guarantee will not be detrimental to the interests of the Company and its shareholders.

V. Number of cumulative external guarantees and outstanding guarantees

As at 31 December 2016, the accumulative amount of the external guarantees provided by the Company (all of which are guarantees provided by the Company to its wholly-owned subsidiaries or controlled subsidiaries) was RMB30.235 billion in aggregate, representing 71.95% of the RMB42.023 billion audited net assets of 2016 calculated in accordance with the PRC Accounting Standards.

The Company did not have overdue external guarantee.

This authorization has to be submitted to the general meeting of the Company for consideration and approval.

VI. Document available for inspection

The resolutions passed at the thirtieth meeting of the sixth session of the board of directors of Yanzhou Coal.

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

Zoucheng, Shandong Province, the PRC
31 March 2017

As at the date of this announcement, the directors of the Company are Mr. Li Xiyong, Mr. Li Wei, Mr. Wu Xiangqian, Mr. Wu Yuxiang, Mr. Zhao Qingchun, Mr. Guo Dechun and Mr. Guojun, and the independent non-executive directors of the Company are Mr. Kong Xiangguo, Mr. Jia Shaohua, Mr. Wang Xiaojun and Mr. Qi Anbang

Appendix 1: Basic information of the Company's subsidiaries which are proposed to be guaranteed

Unit: RMB100 million

Serial #	Name of company	Place of registration	Registered capital	Shareholding held by the Company	Operation scope	31 December 2016						Year 2016	
						Total assets	Total liabilities	Net assets	Current ratio	Debt/Asset liabilities	Bank loans	Operating revenue	Net profit
1	Yancoal Australia Ltd.	Australia	AUD3.106 billion	78%	Coal mining and sales of coal	378.49	315.18	63.31	83.27%	23.88	180.22	53.81	-10.77
2	Yancoal International (Holding) Co., Ltd.	Hong Kong	USD2.8 million	100%	Foreign investment, development of mining technology, transfer & consulting services, import & export trade	154.68	142.12	12.56	91.88%	114.32	27.75	137.62	0.67
3	Yancoal International Trading Co., Ltd.	Hong Kong	USD1 million	100%	Import & export trade	19.89	20.93	-1.04	105.23%	20.93	0	83.89	1.01
4	Yancoal International Resources Development Co., Ltd.	Hong Kong	USD0.6 million	100%	Exploration & production of mining resources	41.85	42.66	-0.81	101.94%	2.12	0	0	0.40
5	Yancoal International Technology	Hong Kong	USD1 million	100%	Development of mining technology, transfer &	8.52	6.45	2.07	75.70%	6.45	0	0.19	0.19

	Development Co., Ltd.				consulting services								
6	Yancoal International (Sydney) Co., Ltd.	Sydney	USD0.5 million	100%	Investment & financing management, import & export trade	No business							
7	Zhongyin Financial Leasing Co., Ltd.	Shanghai	RMB7.06 billion	100%	Financial leasing business, leasing business, purchase and leasing of property onshore and offshore	75.65	16.10	59.55	21.29%	16.1	0	3.50	1.53
8	Qingdao Zhongyin Ruifeng International Trade Co., Ltd.	Shandong Qingdao	RMB200 million	51%	International trade, transit trade, import & export trade of self-operated commodities	39.51	37.34	2.17	94.5%	37.34	0	118.2	0.20
9	Shandong Zhongyin International Trade Co., Ltd.	Shandong Jinan	RMB300 million	100%	Import & export trade of cargo and technologies, sale of coal and coal mine machinery equipment and accessories, etc.	5.91	3.97	1.94	67.17%	3.97	0	358.99	-1.22
10	Zhong Yan Trading Co., Ltd. of Qingdao	Shandong Qingdao	RMB50 million	100%	Financial leasing business, leasing business, purchase and leasing of	1.27	0.69	0.58	54.33%	0.69	0	88.03	0.03

	Bonded Area				property onshore and offshore, treatment and maintenance of salvaged leased property								
11	Shandong Duanxin Supply Chain Management Co., Ltd.	Shandong Zoucheng	RMB200 million	100%	Transport of cargo, wholesale of coal, sales of coke, chemical products, etc.	2.64	0.59	2.04	22.52%	0.59	0	23.23	0.06
12	Shangdong Yanmei Rizhao Port Coal Storage and Blending Co., Ltd.	Shandong Rizhao	RMB300 million	51%	Wholesale of coal business, sales of mineral products, fuel oil, etc.	10.89	8.73	2.16	80.16%	8.73	0	36.18	-1.25
13	Zhongyin Taishan Financial Leasing Co., Ltd.	Shandong Taian	RMB1 billion	70%	Financial leasing business, leasing business	Newly set up company, no business							
14	Duanxin (Shenzhen) Investment Holding Co., Ltd.	Guangdong Shenzhen	RMB10 billion	100%	Equity investment, entrusted asset management, investment management	11.06	0.02	11.04	0.18%	0.02	0	0	0.05

Appendix 2: Basic information of the subsidiaries of Yancoal Australia which are proposed to be guaranteed

Unit: AUD '0000

Name of company	Place of registration	Registered capital	Shareholding held by the Company	Operation scope	31 December 2016						Year 2016	
					Total assets	Total liabilities	Net assets	Current ratio	Current liabilities	Bank loans	Operating revenue	Net profit
Ashton Joint Venture Company	Non-legal person joint venture company	N/A	100%	Coal mining, washing and preparation	34,779.80	41,085.11	-6,305.31	118.13 %	13,427.48	0	70.8821	-13,207.16
Austar Coal Mine Pty Limited	Victoria state	AUD64,000,000	100%	Coal mining, washing and preparation	80,681.84	77,569.63	3,112.21	96.14%	34,303.85	0	47,054.51	78,178.30
Donaldson Coal Pty Ltd	New South Wales state	AUD3,636,115.53	100%	Coal mining, washing and preparation	61,158.45	68,864.56	-7,706.11	112.60 %	4,155.29	0	3,359.19	-2,338.35
Duralie Coal Mine Pty Limited	New South Wales state	AUD2	100%	Coal mining, washing and preparation	24,768.01	56,997.17	-32,229.16	230.12 %	2.76	0	0	-243.05
Stratford Coal Mine Pty Limited	Western Australia	AUD10	100%	Coal mining, washing and	67,107.47	221,261.72	-154,154.25	329.71 %	13,984.07	0	8,810.56	-4,739.05

				preparation								
Moolarben Joint Venture Company	Non-legal person joint venture company	N/A	80%	Coal mining, washing and preparation	120,164.69	36,668.68	83,496.01	30.52%	34,330.17	0	533.76	-49,059.42
Yancoal Resources Limited	New South Wales state	AUD444,712,130	100%	Intermediary holding	363,407.13	314,694.78	48,712.35	86.60%	314,454.73	0	478.31	16,156.97
Yarrabee Coal Company Pty Ltd.	Queensland state	AUD92,080	100%	Coal mining, washing and preparation	96,835.14	86,099.10	10,736.04	88.91%	49,739.03	0	32,670.80	361.55

Appendix 3: Basic information of the subsidiaries of Yancoal International (Holding) which are proposed to be guaranteed

Unit: AUD '0000

Company guaranteed	Place of registration	Registered capital	Shareholding held by the Company	Operation scope	31 December 2016						Year 2016	
					Total assets	Total liabilities	Net assets	Current ratio	Current liabilities	Bank loans	Revenue	Net profit
Athena Joint Venture Company	Non-legal person joint venture company	N/A	51%	Exploration	794.9	13.11	781.8	1.65%	13.11	0	0.103254	-0.45
Premier Coal Limited	Western Australia	AUD3,885,679	100%	Coal mining, washing and preparation	119,016.19	119,016.19	17,092	85.64%	41,578.76	0	22,242.50	-2,355.10
Syntech Resources Pty Ltd.	New South Wales state	AUD64,826.90	100%	Coal mining, washing and preparation	45,629.99	37,329.80	8,300.19	81.81%	35,710.11	0	14,791.07	88.93
Tonford (Holding) Ltd	Victoria state	AUD46,407,918	100%	Exploration	5,849.19	2,117.43	3,731.75	36.20%	1,085.87	0	0	-0.63
Wilpeena (Holding) Ltd	Victoria state	AUD3,457,382	100%	Exploration	712.63	495.00	217.63	69.46%	249.76	0	0	-0.49