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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

(1) DISCLOSEABLE TRANSACTION –

POSSIBLE DISPOSAL OF 16.6% OF HUNTER VALLEY OPERATION

(2) POSSIBLE TERMINATION OF TAG TRANSACTION

This announcement is made pursuant to Rule 13.09(2) of the Hong Kong Listing Rules and Inside Information Provisions (as defined in the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

IMPLEMENTATION DEED

On 27 July 2017, Yancoal Australia and Glencore entered into the Implementation Deed to establish the Joint Venture following the Glencore's acquisition of the Participating Interest from HVOR and 16.6% interest in HVO from Yancoal Australia after the Completion. After the JV Completion, Yancoal Australia and Glencore will hold the interest in the Joint Venture as to 51% and 49%, respectively.

DISCLOSEABLE TRANSACTION – POSSIBLE DISPOSAL OF 16.6% OF HVO

Under the Implementation Deed, subject to the conditions precedent, Glencore and Yancoal Australia are subject to a binding obligation to enter into a transaction immediately following Completion pursuant to which, CAOP agrees to sell and Anotero agrees to buy 16.6% interest of HVO.

POSSIBLE TERMINATION OF TAG TRANSACTION

Under the Implementation Deed, Glencore must use its best endeavours to reach agreement with Mitsubishi and HVOR for entry into the MDP-G Asset Sale Agreement (subject to the terms

being amended to the satisfaction of Anotero) as soon as practicable following the date of the Implementation Deed. Yancoal Australia must use its best endeavours to obtain the agreement of Mitsubishi to terminate the Tag Implementation Deed.

HONG KONG LISTING RULES IMPLICATIONS

As the highest relevant applicable percentage ratio calculated in accordance with the Hong Kong Listing Rules for the Possible HVO Disposal exceeds 5% but is less than 25%, the Possible HVO Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

The completion of the transactions contemplated under the Implementation Deed, including but not limited to the Possible HVO Disposal and the possible termination of Tag Transaction, is conditional upon the satisfaction of the conditions precedent set out in the Implementation Deed and the conditions precedent set out in the relevant transaction documents. Accordingly, the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors of the Company are in any doubt about their position, they should consult their professional advisors.

Further announcement will be made by the Company as and when required in accordance with the Hong Kong Listing Rules.

References are made to the announcement dated 24 January 2017, the announcement dated 24 May 2017, the announcement dated 11 June 2017, the announcement dated 12 June 2017, the announcement dated 20 June 2017, the announcement dated 27 June 2017 (collectively, the “**Announcements**”) and the circular dated 2 June 2017 supplemented by the supplementary circular dated 30 June 2017 (the “**Circular**”) of Yanzhou Coal Mining Company Limited (the “**Company**”) in relation to, among others, the acquisition of the total issued share capital of C&A from Rio Tinto Group by Yancoal Australia Limited (“**Yancoal Australia**”). Unless otherwise indicated, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements and the Circular.

IMPLEMENTATION DEED

On 27 July 2017, Yancoal Australia and Glencore entered into the Implementation Deed, pursuant to which Yancoal Australia and Glencore wish to establish the Joint Venture following the completion of Glencore's acquisition of the Participating Interest from HVOR and 16.6% interest in HVO from Yancoal Australia.

Date: 27 July 2017 (after trading hours)

Parties:

Glencore
Yancoal Australia

Subject matters

Pursuant to the Implementation Deed, the Joint Venture will be implemented as follows:

- (i) immediately following the Completion, the 16.6% HVO Disposal Agreement shall be executed and delivered by Yancoal Australia and Glencore Operations Australia Pty Limited. Please refer to the section headed “Discloseable Transaction - Possible Disposal of 16.6% of HVO” below for the major terms of the 16.6% HVO Disposal Agreement;
- (ii) immediately following the Completion, the MDP-G Asset Sale Agreement shall be entered into between Anotero and HVOR pursuant to which Anotero will acquire the Participating Interest from HVOR; and
- (iii) after the JV Completion, the Joint Venture will continue to be managed by HVOP, which will be owned by CAOP and Anotero as to 51% and 49% respectively.

Consideration

The Implementation Deed was executed as a deed and no cash consideration is payable by either party on execution of the deed.

Conditions precedent

The establishment of the Joint Venture, and the completion of the sale and purchase of the Participating Interest and 16.6% HVO interest pursuant to the relevant sale and purchase agreement is conditional upon, among other things,

- (i) the receipt of all regulatory approvals, including:
 - (1) the approvals from Australian Foreign Investment Review Board;
 - (2) the approvals from Australian Competition and Consumer Commission;
 - (3) the clearance from the Anti Monopoly Bureau of Ministry of Commerce of the PRC (中華人民共和國商務部反壟斷局); and

- (4) other merger control filings in Korea, Taiwan, Japan and EU.
- (ii) the Minister responsible for the Mining Act approves or consents in writing to the transfer of the 16.6% interest in HVO in the mining tenements, and the Participating Interest in the mining tenements, to Anotero in accordance with the Mining Act;
- (iii) the occurrence of the Completion; and
- (iv) the MDP Consent (as defined below) is obtained. Please refer to the section headed “Possible Termination of Tag Transaction” below for details of the MDP Consent.

“**MDP Consents**” refers to the followings, among other things:

- (i) Mitsubishi and HVOR agree to enter into the MDP-G Asset Sale Agreement (or to nominate Anotero as the buyer under the Tag Implementation Deed subject to the terms of the relevant sale agreement being amended to the satisfaction of Anotero, such amended sale agreement being the MDP-G Asset Sale Agreement); and
- (ii) Mitsubishi agrees to:
 - (1) terminate the Tag Implementation Deed on completion occurring under the MDP-G Asset Sale Agreement; and
 - (2) release Yancoal Australia from its obligations under the Tag Implementation Deed until the first occur to termination of the Tag Implementation Deed and termination of the MDP-G Asset Sale Agreement.

A party may, terminate the Implementation Deed if all the conditions precedent are not satisfied or waived on or before (i) for condition precedent of MDP Consent (as set out in item (iv) above), 12 a.m. on the Completion Date or any later date that Yancoal Australia is legally bound to enter into the asset sale agreement in respect of Tag Transaction; and (ii) for other conditions precedent (as set out in item (i), (ii) and (iii) above), the date which is 10 months after the Completion Date.

If MDP Consents cannot be obtained, Yancoal Australia and Glencore will seek other arrangement(s) for an equivalent 49% outcome.

DISCLOSEABLE TRANSACTION – POSSIBLE DISPOSAL OF 16.6% OF HVO

The 16.6% HVO Disposal Agreement

Pursuant to the Implementation Deed, immediately following the Completion, the 16.6% HVO Disposal Agreement shall be executed and delivered by parties thereto, pursuant to which CAOP agrees to sell and Anotero agrees to buy 16.6% interest of HVO.

The major terms of the 16.6% HVO Disposal Agreement to be entered into are set out as follows:

Date: Completion Date

Parties:

Purchaser: Anotero

Purchaser Guarantor: Glencore

Seller: CAOP

Seller Guarantor: Yancoal Australia

Subject matters

Pursuant to the 16.6% HVO Disposal Agreement, CAOP agrees to sell and Anotero agrees to buy 16.6% interest of HVO.

Consideration

The 16.6% HVO Disposal Consideration (subject to adjustments) is US\$429 million.

The 16.6% HVO Disposal Consideration was determined after arm's length negotiations between Yancoal Australia and Glencore with reference to, among other things, 16.6% of the purchase price representing the HVO part in the Purchase Price for the overall Acquisition.

Conditions precedent

In addition to the conditions precedent of the Implementation Deed (as set out in the paragraph headed "Conditions Precedent" under the section headed "Implementation Deed"), 16.6% HVO Disposal Completion is conditional upon the fulfillment or waiver of the conditions precedent of MDP-G Asset Sale Agreement.

Completion

16.6% HVO Disposal Completion shall take place on the day which is five business days after the fulfillment (or waiver, as the case may be) of all the conditions precedent above. 16.6% HVO Disposal Completion and the completion under the MDP-G Asset Sale Agreement are both interdependent and must take place, as nearly as possible, simultaneously.

Share of Royalty Amounts

Glencore will be responsible for 27.9% of the Non-Contingent Royalty Amounts (i.e. US\$240 million) and 49% of the HVO contingent royalties payable by Yancoal Australia in respect of the Acquisition.

POSSIBLE TERMINATION OF TAG TRANSACTION

Pursuant to the Implementation Deed, Glencore must use its best endeavours to reach agreement with Mitsubishi and HVOR to enter into the MDP-G Asset Sale Agreement as soon as practicable following the date of the Implementation Deed. Yancoal Australia must use its best endeavours to obtain the agreement of Mitsubishi to terminate the Tag Implementation Deed.

Where Glencore wishes to seek the consent of Mitsubishi and HVOR to nominate Anotero as the buyer under the Tag Implementation Deed subject to the terms of the relevant sale agreement being amended to the satisfaction of Anotero then Yancoal Australia must also use its best endeavours to bring about such nomination and amendment.

INFORMATION RELATING TO HVO

HVO is operated via conventional, large scale, open pit mining methods as coal appears in multiple near surface, highly continuous seams (on average 30 degree dipping). Run of mine coal is washed and sorted at the coal handling process plants on site, and then directly loaded on trains via rail link to the deep water port of Newcastle, which is approximately 100 kilometres from HVO.

HVO is an open cut mine located 24 kilometres north west of Singleton in the Hunter Valley Basin, which covers an area of approximately 11,000 hectares. HVO is operated as an unincorporated joint venture. It is currently owned by C&A (through CAOP) as to 67.6% and by

HVOR as to 32.4%. HVO commenced operation since 1949. The major products of HVO comprise thermal coal and semi-soft coking coal. HVO has underground operation potential.

According to the Competent Person's Report, it is estimated that the total coal reserve of HVO is approximately 824 million tonnes. HVO will have a life of mine of approximately 44 years, during which the stripping ratio is average 5.8 bank cubic metres of prime waste per tonne of ROM coal.

Financials of HVO

Set out below is the unaudited financial information of HVO (100% basis).

	For the years ended 31 December	
	2015	2016
	(AUD'million)	(AUD'million)
Profit before tax ^{Note 1}	136.7	295.7
Profit after tax ^{Note 1 and 2}	95.7	207.0

Notes:

- 1. The profit figures in the above table have not taken into the account (1) the gain on bargain purchase of RMB1,186.8 million and (2) the increase in amortization of mining tenements of RMB158.9 million (before tax) and RMB111.2 million (after tax), both of which were included on a 32.4% basis in Appendix X - Unaudited Pro Forma Financial Information of the Enlarged Group to the Circular.*
- 2. As HVO is not an incorporated entity, profit after tax is calculated by 30% corporate income tax of Australia for illustrative purpose only.*

As at 31 December 2016, the unaudited net assets of HVO (100% basis) amounted to AUD683.2 million. The net asset figure above has not taken into account the acquisition accounting fair value adjustments of RMB4,834.1 million less cash consideration paid of RMB4,760.4 million which were included on a 32.4% basis in Appendix X - Unaudited Pro Forma Financial Information of the Enlarged Group to the Circular.

REASONS FOR AND BENEFITS OF THE POSSIBLE HVO DISPOSAL

The Possible HVO Disposal could reduce the overall funding commitment required by Yancoal Australia and improve the financial position of Yancoal Australia. Also, as HVO operates adjacent to Glencore's existing operations in the Hunter Valley, the Possible HVO Disposal is expected to generate incremental synergies from an operating standpoint.

The Directors consider the terms of the 16.6% HVO Disposal Agreement are on normal commercial terms that are fair and reasonable and the Possible HVO Disposal is in the interests of the Company and the Shareholders as a whole.

POSSIBLE FINANCIAL EFFECTS OF THE POSSIBLE HVO DISPOSAL

The Possible HVO Disposal is not expected to result in significant gain or loss on Yancoal Australia, as the consideration for the possible disposal has been derived from the overall Purchase Price for the Acquisition.

JOINT VENTURE AGREEMENT

Pursuant to the Joint Venture Agreement to be entered into among CAOP, Anotero and HVOP, an unincorporated joint venture known as “Hunter Valley Operations Joint Venture” will be constituted by CAOP and Anotero (the “**Partners**”) on the date of the Joint Venture Agreement. As at the date of the Joint Venture Agreement, CAOP and Anotero will have the interest in the Joint Venture as of 51.0% and 49.0% respectively.

The objective of the Joint Venture includes, among other things, exploring and mining for and producing coal from the tenements; developing, operating, expanding, remediating, rehabilitating and closing coal operation on the tenements; and delivering coal in kind to the Partners. The Joint Venture will be jointly controlled by Glencore and Yancoal Australia through a joint venture management committee (the “**JV Management Committee**”) comprising three representatives of both Partners. Glencore will nominate the candidates to be the general manager of the Joint Venture while Yancoal Australia will nominate the candidates to be the financial controller of the Joint Venture. Glencore will provide operational and support services to the Joint Venture.

HVOP will be appointed by the Partners as the manager to manage the Joint Venture as their agent, and to conduct and manage the Joint Venture activities on their behalf. Yancoal Australia will be appointed as the exclusive marketing representative for sales of the Joint Venture's coal products in China, Taiwan (other than for certain specified customers), Thailand and Malaysia. Glencore will be appointed as the exclusive marketing representative for sales of the coal products in all other countries and jurisdictions.

INFORMATION ON GLENCORE

Glencore is one of the world's largest global diversified natural resource companies listed on the stock exchanges of London, Hong Kong and Johannesburg, with head office based in Baar, Switzerland. Glencore is a major producer and marketer of more than 90 commodities, with operations comprising of approximately 150 metal & mineral, energy and agricultural assets. Glencore markets and distributes physical commodities sourced from its own production and from third parties to a diversified customer base via its related marketing and logistics operations. Glencore generated 72% of its 2016 adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) from industrial production, with the marketing division representing the remaining 28% earnings contribution.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Glencore and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

HONG KONG LISTING RULES IMPLICATIONS

As the highest relevant applicable percentage ratio calculated in accordance with the Hong Kong Listing Rules for the Possible HVO Disposal exceeds 5% but is less than 25%, the Possible HVO Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following expressions have the following meanings in this announcement:

“Anotero”	Anotero Pty Limited (ACN 618 503 674), a wholly owned subsidiary of Glencore
“Glencore”	Glencore Coal Pty Ltd (ACN 082 271 030)
“Glencore Group”	Glencore and each of its related bodies corporate
“Implementation Deed”	the implementation deed entered into by Yancoal Australia and Glencore on 27 July 2017
“Joint Venture”	the joint venture in relation to HVO to be established by Yancoal Australia (including its related body of corporate, which from the date of Completion will include each member of C&A group) and Glencore Group pursuant to the Implementation Deed

“JV Completion”	the completion of Anotero's acquisition of: (i) 16.6% interest of HVO, pursuant to 16.6% HVO Disposal Agreement; and (ii) the Participating Interest, pursuant to MDP-G Asset Sale Agreement
“MDP-G Asset Sale Agreement”	the agreement to be entered into between HVOR and Anotero, pursuant to which Anotero will acquire the Participating Interest (including, where Anotero is nominated as the buyer under the Tag Implementation Deed, the relevant sale agreement as amended to the satisfaction of Anotero)
“Possible HVO Disposal”	the possible disposal of 16.6% HVO interests
“Tag Implementation Deed”	the implementation deed entered into between Yancoal Australia and Mitsubishi on 12 June 2017 in respect of the Tag Transaction
“16.6% HVO Disposal Agreement”	the disposal agreement to be entered into by Yancoal Australia and Glencore in respect of the Possible HVO Disposal
“16.6% HVO Disposal Completion”	the completion of the Possible HVO Disposal
“16.6% HVO Disposal Consideration”	the consideration of the Possible HVO Disposal

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

Zoucheng, Shandong Province, the PRC
27 July 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. Guo Dechun, Mr. Zhao Qingchun and Mr. Guo Jun, and the independent non-executive directors of the Company are Mr. Kong Xiangguo, Mr. Jia Shaohua, Mr. Poon Chiu Kwok and Mr. Qi Anbang.