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HKEX - Continuing Connected Transactions

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Yancoal Australia Ltd
ACN 111 859 119
兗煤澳大利亞有限公司*

(Incorporated in Victoria, Australia with limited liability)
(Hong Kong stock code: 3668)
(Australian stock code: YAL)

CONTINUING CONNECTED TRANSACTIONS – COAL TRANSACTIONS WITH GLENCORE AND ANOTERO

Reference is made to the announcement (the "**Announcement**") of the Company dated 15 January 2024 in relation to the Glencore Framework Coal Sales Agreement, the Glencore Framework Coal Purchase Agreement and the HVO Sales Agreement (together, the "**Framework Agreements**").

As each of the Framework Agreements will expire on 31 December 2026 and the Company expects to continue to carry on the relevant continuing connected transactions after the end of 2026, on 23 October 2026, the Board resolved to renew each of the Framework Agreements and/or set their respective annual caps (as the case may be) for the continuing connected transactions as set out in this announcement, subject to confirmation from Yankuang Energy, the Company's controlling shareholder, which was obtained on 30 October 2026.

As the continuing connected transactions under each of the Framework Agreements are between the Group and a connected person at the subsidiary level, on normal commercial terms or better, the Directors have approved the transactions and the independent non-executive Directors have given the confirmation required under Rule 14A.101 of the Listing Rules, such continuing connected transactions are only subject to reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

A. INTRODUCTION

On 23 October 2026, the Board resolved to renew the agreements and/or set the annual caps (as the case may be) from 1 January 2027 to 31 December 2029 for the following continuing connected transactions, subject to confirmation from Yankuang Energy, the Company's controlling shareholder, which was obtained on 30 October 2026:

(1) the sale of coal by the Group to Glencore, a connected person at the Company's subsidiary level, pursuant to the Glencore Framework Coal Sales Agreement;

**For identification purposes only*

(2) the purchase of coal by the Group from Glencore pursuant to the Glencore Framework Coal Purchase Agreement; and

(3) the purchase of coal by the Group from Anotero, a wholly-owned subsidiary of Glencore, pursuant to the HVO Sales Agreement in relation to Hunter Valley mining operations only.

B. MATERIAL TERMS OF THE CONTINUING CONNECTED TRANSACTIONS

(1) Sale of Coal by the Group to Glencore pursuant to the Glencore Framework Coal Sales Agreement

The Company and Glencore Coal Pty Limited ("**Glencore**") entered into a framework coal sales agreement (the "**Glencore Framework Coal Sales Agreement**") on 29 June 2018 to govern all existing and future sales of coal by the Group to Glencore and/or its subsidiaries and/or its related entities. As disclosed in the Announcement, the Glencore Framework Coal Sales Agreement was renewed for a period of three years commencing from 1 January 2024 and ending 31 December 2026.

The Glencore Framework Coal Sales Agreement will expire on 31 December 2026 and will be automatically renewable for successive periods of three years thereafter, subject to compliance with the applicable provisions of the Listing Rules and unless terminated earlier by not less than three months' prior notice or otherwise in accordance with the terms thereunder.

On 23 October 2026, the Board resolved to renew the Glencore Framework Coal Sales Agreement for a further three years commencing from 1 January 2027 and the Board set the annual caps for the three years ending 31 December 2029 for the transactions thereunder, subject to confirmation from Yankuang Energy, the Company's controlling shareholder, which was obtained on 30 October 2026.

Subject Matter

The Glencore Framework Coal Sales Agreement provides that all transactions in relation to the sale of coal by the Group to Glencore and/or its subsidiaries and/or its related entities must be (i) in the ordinary and usual course of business of the Group, (ii) on an arm's length basis, (iii) on normal commercial terms and (iv) in compliance with, amongst other things, the Listing Rules and applicable laws.

Basis of Consideration

Considering the nature of coal, the sale price will be determined with reference to the prevailing market price for the relevant type of coal, taking into account (i) the industry index prices, depending on the quality of coal, typically being globalCOAL Newcastle Coal ("**GCNewC**"), McCloskey API 5 Index ("**API5**") and Platts Semi-Soft Coking Coal Index, (ii) coal quality characteristics and (iii) market alternatives to optimise value for the Company. The Company will take into account relevant industry benchmarks and indices when determining the market price.

Historical Amounts and Annual Caps

The aggregate annual transaction amount received by the Group from Glencore and/or its subsidiaries and/or its related entities for the sale of coal for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026 were approximately US$213.3 million, US$175.6 million and US$253.2 million, respectively. As the annual caps for the three

years ending 31 December 2026 were determined at the time of high coal prices during a volatile market while the actual price of coal sold was lower than the assumed price used in arriving at the annual caps, this impacted the percentage utilisation of the annual caps under the Glencore Framework Coal Sales Agreement. The maximum annual transaction amount to be received by the Group from Glencore and/or its subsidiaries and/or its related entities for the three years ending 31 December 2027, 2028 and 2029 will not exceed US$750 million, US$500 million and US$550 million, respectively.

These caps were calculated by reference to (i) the historical transaction amounts; (ii) the expected increase in coal saleable production by the Group in the next three years; (iii) the expected demand for coal from Glencore and/or its subsidiaries and/or its related entities based on further spot opportunities that may exist; and (iv) the estimated increase in the sale price for the coal taking into consideration fluctuations in coal prices globally. In light of the market instability due to the conflict in the Middle East resulting in the increased likelihood of Glencore and/or its subsidiaries and/or its related entities purchasing coal on the spot market, the annual cap for the financial year ending 31 December 2027 is US$750 million (which is the same as for the financial year ending 31 December 2026). The annual caps for the financial years ending 31 December 2028 and 2029 are lower as the Company expects market conditions to normalise, notwithstanding an expected increase in the level of production of coal over that period.

Reasons for, and Benefits of, the Glencore Framework Coal Sales Agreement

The Company's principal business activity is the production of thermal and metallurgical coal. Glencore has been a consistent, and one of the major customers of the Company since 2017. The Company believes that through supplying coal to Glencore in the Company's ordinary and usual course of business, the Company could maintain its good business relationship with Glencore, further expand its business operation and generate revenue.

Listing Rules Implications

As at the date of this announcement, Anotero Pty Ltd ("**Anotero**"), a wholly-owned subsidiary of Glencore, (i) holds 49% of the interest in HV Operations Pty Ltd and HVO Coal Sales Pty Ltd, being subsidiaries of the Company, and (ii) has a 49% participating interest in the HVO JV, the unincorporated joint venture holding the Hunter Valley mining operations, in which the Company holds a 51% participating interest. Accordingly, Anotero is a connected person of the Company by virtue of being a substantial shareholder of the Company's subsidiaries and Glencore is a connected person of the Company by virtue of being an associate of a connected person of the Company.

As the continuing connected transaction under the Glencore Framework Coal Sales Agreement is between the Group and a connected person at the subsidiary level, on normal commercial terms or better, the Directors have approved the transaction and the independent non-executive Directors have given the confirmation required under Rule 14A.101 of the Listing Rules, such continuing connected transaction is only subject to reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(2) Purchase of Coal by the Group from Glencore pursuant to the Glencore Framework Coal Purchase Agreement

The Company entered into a framework coal purchase agreement with Glencore (the "**Glencore Framework Coal Purchase Agreement**") on 6 August 2018 to govern all existing and future purchases of coal by the Group from Glencore and/or its subsidiaries and/or its related entities. As disclosed in the Announcement, the Glencore Framework Coal Purchase

Agreement was renewed for a period of three years commencing from 1 January 2024 and ending 31 December 2026.

The Glencore Framework Coal Purchase Agreement will expire on 31 December 2026 and will be automatically renewable for successive periods of three years thereafter, subject to compliance with the applicable provisions of the Listing Rules and unless terminated earlier by not less than three months' prior notice or otherwise in accordance with the terms thereunder.

On 23 October 2026, the Board resolved to renew Glencore Framework Coal Purchase Agreement for a further three years commencing from 1 January 2027 and the Board set the annual caps for the three years ending 31 December 2029 for the transactions thereunder, subject to confirmation from Yankuang Energy, the Company's controlling shareholder, which was obtained on 30 October 2026.

Subject Matter

The Glencore Framework Coal Purchase Agreement provides that all transactions in relation to the purchase of coal by the Group from Glencore and/or its subsidiaries and/or its related entities must be (i) in the ordinary and usual course of business of the Group, (ii) on an arm's length basis, (iii) on normal commercial terms and (iv) in compliance with, amongst other things, the Listing Rules and applicable laws.

Basis of Consideration

Considering the nature of coal, the sale price will be determined with reference to the prevailing market price for the relevant type of coal, taking into account (i) the industry index prices, depending on the quality of coal, typically being GCNewC, API5 and Platts Semi-Soft Coking Coal Index, (ii) coal quality characteristics and (iii) market alternatives to optimise value for the Company. The Company will take into account relevant industry benchmarks and indices, when determining the market price.

Historical Amounts and Annual Caps

The aggregate annual transaction amount paid by the Group to Glencore and/or its subsidiaries and/or related entities for the purchase of coal for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026 were approximately US$82.3 million, US$74.2 million, and US$56.9 million, respectively. As the annual caps for the three years ending 31 December 2026 were determined at the time of high coal prices during a volatile market while the actual price of coal purchased was lower than the assumed price used in arriving at the annual caps, this impacted the percentage utilisation of the annual caps under the Glencore Framework Coal Purchase Agreement.

The maximum annual transaction amount to be paid by the Group to Glencore and/or its subsidiaries and/or its related entities for the three years ending 31 December 2029 will not exceed US$250 million.

These caps were calculated by reference to (i) the existing demand from the Company's customers for coal from Glencore and/or its subsidiaries; (ii) the expected further demand for coal from the Group considering the Company's strategy to optimise blend values and to minimise shortfalls to meet specific customer requirements and (iii) the estimated increase in the purchase price for the coal taking into consideration fluctuations in coal prices globally.

Reasons for, and Benefits of, the Glencore Framework Coal Purchase Agreement

The Group has purchased, and expects to continue to purchase, coal from Glencore and/or its subsidiaries and/or its related entities in order to maintain customer relationships or to meet specific customer requirements for coal (noting that the Group does not produce certain specifications of coal). Considering the benefits of maintaining customer relationships and that the coal is to be purchased at market price, the Company believes that the transactions under the Glencore Framework Coal Purchase Agreement are in the best interest of the Company and its shareholders as a whole.

Listing Rules Implications

As the continuing connected transaction under the Glencore Framework Coal Purchase Agreement is between the Group and a connected person at the subsidiary level, on normal commercial terms or better, the Directors have approved the transaction and the independent non-executive Directors have given the confirmation required under Rule 14A.101 of the Listing Rules, such continuing connected transaction is only subject to reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(3) Purchase of Coal by the Group from Anotero pursuant to the HVO Sales Agreement in relation to Hunter Valley Mining Operations only

As part of the sale by the Company of a 16.6% interest in Hunter Valley mining operations to Glencore, which was completed on 4 May 2018, resulting in the 51:49 HVO JV between the Company and Glencore, Coal & Allied Operations Pty Ltd ("**CNAO**"), a wholly-owned subsidiary of the Company, HVO Coal Sales Pty Ltd ("**HVO SalesCo**") and Anotero entered into a sales contract – Hunter Valley Operations Joint Venture (the "**HVO Sales Agreement**") on 4 May 2018. The HVO Sales Agreement is a long-term contract and terminates upon the termination of the joint venture agreement in relation to the HVO JV in accordance with its terms.

On 23 October 2026, the Board resolved to set the annual caps for the three years ending 31 December 2027, 2028 and 2029 for the transactions under the HVO Sales Agreement, subject to confirmation from Yankuang Energy, the Company's controlling shareholder, which was obtained on 30 October 2026. The existing terms of the HVO Sales Agreement remain unchanged.

Subject Matter and Basis of Consideration

Pursuant to the HVO Sales Agreement, (i) each of CNAO and Anotero agrees to sell all of its entitled portion of finished coal product in saleable form that is produced by the tenements held by the HVO JV to the HVO SalesCo only and the HVO SalesCo agrees to purchase each of CNAO's and Anotero's entitled portion of coal product (other than coal product to be sold to Glencore and/or its subsidiaries); (ii) the amount payable to each of CNAO and Anotero by the HVO SalesCo shall be the total amount received by the HVO SalesCo for that portion of the products under each sales contract entered into between the HVO SalesCo and its customers; and (iii) payment by the HVO SalesCo to CNAO and Anotero shall be no later than 3 business days after receipt by the HVO SalesCo of payment from its customers. In respect of any sales to Glencore and/or its subsidiaries that fall within the Glencore Framework Coal Sales Agreement, each of CNAO and Anotero agrees that HVO SalesCo will be treated as if it has entered into the sale as agent for and on behalf CNAO and Anotero in proportion to their respective participating interests in the HVO JV.

Historical Amounts and Annual Caps

The amount of revenue distributed by the HVO SalesCo to Anotero for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026 were approximately US$726.8 million, US$694.4 million, and US$620.8 million, respectively. As the annual caps for the three years ending 31 December 2026 were determined at the time of high coal prices during a volatile market while the actual price of coal sold was lower than the assumed price used in arriving at the annual caps, this impacted the percentage utilisation of the annual caps under the HVO Sales Agreement.

The maximum annual transaction amount to be distributed by the HVO SalesCo to Anotero for the three years ending 31 December 2027, 2028 and 2029 will not exceed US$1.2 billion.

The estimated maximum annual transaction amounts are determined mainly based on (i) the expected amount and price of coal to be sold by the HVO SalesCo, with reference to the Yancoal forward marketing price guidance (2027-2029) and the annual production capacity of Hunter Valley mining operations as per the current budget; and (ii) coal price fluctuations globally.

Reasons for, and Benefits of, the HVO Sales Agreement

The reason for entering into the HVO Sales Agreement and the business objective of the HVO SalesCo are to facilitate the sale of coal produced by the HVO JV, given the HVO JV, which is an unincorporated joint venture, does not have the legal capacity to enter into sales agreements itself. The arrangement under the HVO Sales Agreement is to make the coal attributable to the relevant participants available to the HVO SalesCo for its on-sale and following such coal sales, the HVO SalesCo will distribute all amounts received by it to the participants. Accordingly, the HVO SalesCo is not operated for profit as it does not retain any sales revenue received by it and does not receive any fees from the participants for the sales function carried out by it. Considering the above, the Company considers that the transactions under the HVO Sales Agreement are in the best interest of the Company and its shareholders as a whole.

Listing Rules Implications

As the continuing connected transaction under the HVO Sales Agreement is between the Group and a connected person at the subsidiary level, on normal commercial terms or better, the Directors have approved the transaction and the independent non-executive Directors have given the confirmation required under Rule 14A.101 of the Listing Rules, such continuing connected transaction is only subject to reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

C. INTERNAL CONTROL MEASURES

The Company has a system to monitor its continuing connected transactions and has in place appropriate internal controls to ensure that the transaction amounts for the continuing connected transactions do not exceed the annual caps.

D. DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the terms of each of the Framework Agreements (including the relevant annual caps thereunder) are fair and reasonable. The transactions under each of the Framework Agreements are in the ordinary and usual course of business of the Group, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

None of the Directors abstained from voting on the relevant resolutions of the Board approving the respective transactions under the Framework Agreements (including the relevant annual caps thereunder).

E. INFORMATION IN RELATION TO THE COMPANY AND GLENCORE

(i) The Company

The Company's principal business activity is the production of thermal and metallurgical coal for use in the power generation and steel industries in Asian markets. The shares of the Company have been listed on the Australian Securities Exchange and the Hong Kong Stock Exchange since 2012 and 2018, respectively.

(ii) Glencore

Glencore is a member of Glencore plc, which is one of the largest global diversified natural resource companies in the world. The shares of Glencore plc are listed on the London Stock Exchange and the Johannesburg Stock Exchange.

F. DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors
"Company"	Yancoal Australia Ltd, a company incorporated under the laws of Australia with limited liability, whose shares are listed on the ASX and the Hong Kong Stock Exchange
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Yankuang Energy"	Yankuang Energy Group Co. Limited* (兗礦能源集團股份有限公司), a joint stock company established in the People's Republic of China with limited liability, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
"%"	per cent.

By order of the Board
Yancoal Australia Ltd
Gang RU
Chairman

Hong Kong, 30 October 2026

As of the date of this announcement, the executive Director is Mr. Ning Yue, the non-executive Directors are Mr. Gang Ru, Mr. Jiuhong Wang, Mr. Xiaolong Huang, Mr. Zhiguo Zhao and Ms. Ping Nie and the independent non-executive Directors are Mr. Gregory James Fletcher, Ms. Debra Anne Bakker and Mr. Peter Andrew Smith.