(27 March 2011, Hong Kong) Yanzhou Coal Mining Company Limited (‘Yanzhou Coal’ or the ‘Company’; together with its subsidiaries collectively known as the ‘Group’; stock code: 1171) today announced its annual results for the year ended 31 December 2010.

For the year ended 31 December 2010, sales income of the Group amounted to RMB33.94 billion, representing a year-on-year increase of 64.2%. Net income reached RMB9.28 billion, posting a substantial growth of 125.4%. The surge in sales income and net income was primarily due to the increase in sales volume and sales price of coal, the growth in net sales of methanol business as well as the increase in sales income from railway transportation boosted by the strategy of ‘Second Venture, Rapid Development’. Earnings per share amounted to RMB1.89 (2009: RMB0.84). The Board of Directors proposes to declare a cash dividend of RMB0.59 per share for the year ended 31 December 2010 (2009: RMB0.25).

The Group’s total sales volume of coal was 49.63 million tonnes, up 30.6% over the previous year. In terms of business unit, sales volume of the headquarters increased by 9.8% to 33.66 million tonnes. Sales volume of Yancoal Australia amounted to 8.02 million tonnes, of which Felix accounted for 6.87 million tonnes. Sales volume of Shanxi Nenghua and Heze Neng Hua totaled to 1.5 million tonnes and 1.08 million tonnes. To fully leverage on its competitive edge in sales network and enhance the profitability of product trading, the Group continued to expand its business of externally purchased coal and has purchased coal amounted to 5.38 million tonnes.

During the year under review, average coal price increased against the backdrop of economic recovery and favorable macro-economic landscape in China. The Group recorded a growth of 25.4% in the average coal price for the year to RMB663.46 per tonne. The average coal price of the Company in the headquarters was RMB633.59 per tonne, up 20.6% over the previous year. As for markets apart from the Company’s headquarters, the average coal price of Yancoal Australia rose to RMB774.19 per tonne, and that for Shanxi Nenghua surged 30.1% to RMB382.0 per tonne. The average coal price for Heze Neng Hua was RMB771.99 per tonne, a growth of 46.1% over the previous year.

During the year under review, the Group strengthened capital operation and the consolidation of coal resources acquisition by preliminarily establishing “Four Key Operating Bases” in Shandong, Yulin, Shaanxi, Ordos City, Inner Mongolia and Australia. The Group accumulated abundant coal resources through the acquisition of the Ordos coal chemical project from the Kingboard Group in Hong Kong, the acquisition of 51% equity interests in Inner Mongolia Haosheng Coal Mining Company Limited, the acquisition of the Ordos Anyuan coal mine to establish a joint venture – Shaanxi Future Energy Chemical Corp. Ltd. and participate in coal-to-oil project and the construction of compatible coal mines. In addition, the Group expedited the construction of key development projects. For instance, the Moolarben open-cut coal mine of Yancoal Australia Pty completed construction and has commenced production, with an increase in coal production capacity of 12 million tonnes; the construction of the Heze Neng Hua Zaolou comprehensive utilization power plant commenced construction; Wanfu coal mine and coal plant selection projects have been approved by the State. In order to accelerate the preparation for the listing of the Group’s assets in Australia, the Group has been injecting capital to Yancoal Australia Pty to improve its equity structure. The completion of disposing 51% equity interests in Minerva Coal Mine has taken place. The disposal of 51% equity interests in Minerva coal mine was completed and the acquisition of 30% equity interests in Ashton Coal Mine was well underway. It is expected that the product mix of Yancoal Australia will be further enhanced and optimized.

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The coal sales target of the Group in 2011 is 54 million tonnes, which includes the Company’s sales target of 32.2 million tonnes, Shanxi Nenghua’s sales target of 1.2 million tonnes, Heze Neng Hua’s sales target of 2.6 million tonnes, Ordos Neng Hua’s sales target of 1 million tonnes, Yancoal Australia Pty’s sales target of 11 million tonnes and trading volume of externally purchased coal targeted to be 6 million tonnes. Currently, the Company has signed domestic coal sales contracts and letters of intent amounting to 32.365 million tones. Among which, the Group has signed 8.995 million tones of provincial thermal coal contract, a drop of 10.1% over the previous year. Average tax-inclusive price was RMB571.29 per tonne, representing a decrease of 1.2% when compared to that of 2010. Yancoal Australia has signed sales contract of 2.66 million tonnes for the first quarter of 2011 (January to March) with an average coal price of USD133.40 per tonne.

As for the methanol business, the Group recorded sales of 0.38 million tonnes in 2010, up 97.9% year-on-year. Of which, Yulin Neng Hua contributed 0.32 million tonnes and Shanxi Nenghua added 60,000 tonnes. In 2011, the Group plans to sell 0.61 million tonnes of methanol, of which Yulin Neng Hua and Shanxi Neng Hua will account for 0.55 million tonnes and 60,000 tonnes respectively.

Looking ahead, Mr. Li Weimin, Chairman of the Group said, ‘2011 is the year of which the Group has started to implement the “Twelfth Five-Year Plan”, and also consolidated and thoroughly executed the strategy of “Second Venture, Rapid Development” to leap forward in a new development era. We will strive to triple our coal production volume to 150 million tonnes, with sales income tripled to over RMB100 billion. We will strengthen production and operation management and improve our economies of scale. By speeding up the development and construction of existing projects, the Group strives to ensure the achievement of scheduled production capacity and efficiency. The Group will also expand both production and capital operations to propel future development. We will strengthen the management and control system to enhance and upgrade business operation, with an aim to create satisfactory results to our shareholders.’

Company Background
Yanzhou Coal is located in Shandong Province, PRC and is principally engaged in the underground mining, preparation and processing, sales and railway transportation of prime quality low sulphur coal for its customers located in Eastern and Southern China and for export to customers located in Asia. The Company expanded its business scale by acquiring Austar Coalmine in Australia in 2004. The Company also acquired Heze Neng Hua and Shanxi Neng Hua in 2004 and 2005 respectively and commenced its methanol production in 2008. In December 2009, the Company further strengthened its presence in overseas market by acquiring Felix Resources Limited, an Australian corporation principally engaged in exploring and extracting coal resources, operating, identifying, acquiring and developing resource related projects in Australia.

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