

Moolarben Coal Mine Opportunity

Opportunity to acquire a 5.0% interest in a world-class open cut and underground coal asset producing export quality thermal coal.

PricewaterhouseCoopers Securities Ltd (“**PwCS**”) and Samil PricewaterhouseCoopers (“**Samil PwC**”) have been retained by the stakeholders of Korea Southern Power Co., Ltd (“**KOSPO**”), Korea Western Power (“**KOWEPO**”), Korea Midland Power (“**KOMIPO**”) and Korea South-East Power (“**KOEN**”, together the “**Vendors**”) to act as their financial advisor in relation to the potential divestment of their combined 5.0% interest in the Moolarben Mine (the “**Transaction**”).

The Moolarben Coal Mine (“**Moolarben**”) is a producing open-cut and underground longwall operation located approximately 40 kilometers north of Mudgee in the Western Coalfields of New South Wales. The mine produces high quality thermal coal for export and ships to international customers from the Port of Newcastle. Moolarben is majority owned by Yancoal Australia Pty Ltd, a subsidiary of Yankuang Energy Group Company Ltd, which holds a 95.0% interest in Moolarben and operates the mine on behalf of the Vendors.

Moolarben is the third largest producing coal mine in Australia with approval to produce up to 24Mtpa of ROM coal until 2038. The OC3 Extension Project proposes to extend open cut operations to the south and east of its existing OC3 mining area allowing Moolarben to recover additional resources of c.40Mt of ROM over a ten year period from 2025 to 2034.

Investment Highlights

1 Tier 1, Large-Scale, High-Margin Mine

- The integrated Moolarben Coal Complex has approval to produce up to 24Mtpa of ROM coal until 2038.
- Third largest producing coal mine in Australia.
- Very strong cash margins with profitability through the commodity cycle.

2 High Quality Export Product

- Low ash, high-CV thermal coal which is well-suited for HELE (High Efficiency, Low Emissions) thermal power plants.
- Diverse export customer base that continues to demonstrate appetite for Yancoal product.

3 Significant Resource Base and Production Life

- Moolarben has existing 194Mt of recoverable reserves and the current life of mine is until 2038.
- OC3 Extension Project will unlock c.40Mt of additional ROM over a ten year period from 2025 to 2034.

4 Strong, Tenured and Responsible Operator

- Yancoal is the largest coal focused company on the ASX with extensive open cut and underground experience currently operating 7 major coal mines throughout Australia.
- Sustained safety performance with a TRIFR of 8.1 across its operations in FY22.

5 Strong Market Outlook

- COVID-19 restrictions and high rainfall in eastern Australia led to production shortfalls, raising thermal coal prices domestically.
- Supply shortfalls and continued demand for high CV seaborne thermal coal will keep prices elevated above historical levels.

6 Low-risk Tier 1 Jurisdiction

- Australia remains a sought-after jurisdiction for mining operations and investors.
- Regulators are supportive of the modification and extension project proposals.

Asset Overview

Mine Overview

Stage: Production

Mine type: Open-cut and underground longwall

Coal: Thermal coal

Licensed ROM production: 24Mtpa (16Mtpa OC and 8Mtpa UG)

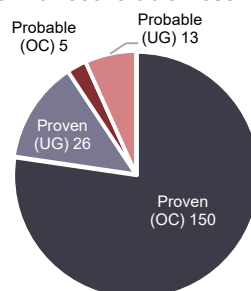
Remaining life of mine: c.15 years to 2038

Location

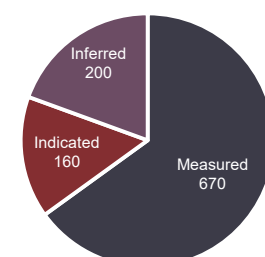


Reserves & Resources (Mt)¹

194Mt Recoverable Reserves

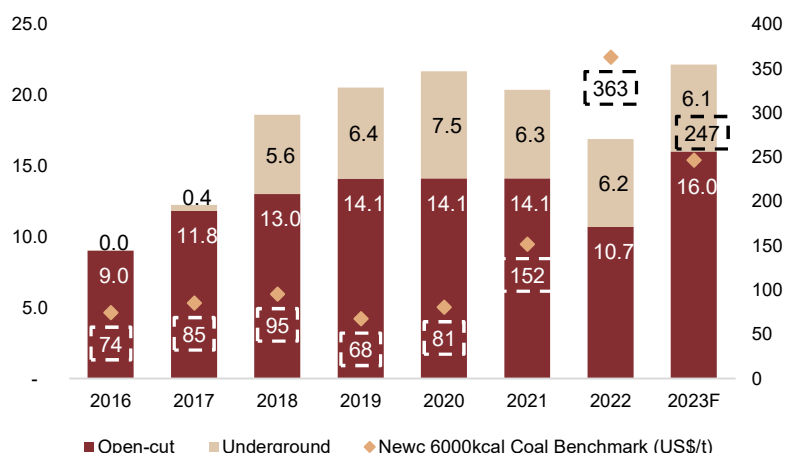


1,030Mt Total Resources



¹ Shown on a 100% basis

ROM Production (Mt) and Price (US\$/t)



Source: Management information, CapitalIQ

* FY23e coal price based on consensus futures price

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Project Expansion Outlook

- The UG2 modification project and OC3 and OC4 extension projects will:
 - Extend mine life to 2040;
 - Increase JORC compliant reserves from 167Mt ROM to 290Mt ROM for OC and 45Mt ROM to 47Mt ROM for UG;
 - Increase OC annual throughput from 16Mtpa to 17.5Mtpa.
- Yancoal has also obtained approvals to increase OC ROM production from 14Mtpa to 16Mtpa by upgrading their CHPP, expected to be completed in 1H2023.

Coal Product Quality

Coal quality		OC Product 1	OC Product 2	OC Product 3	UG Product 1
Ash	% adb	27%	23%	20%	18%
Calorific Value	kcal/kg, NAR	5,050	5,500	5,595	5,780

Coal Reserves Quality

Mining Method	Total Reserves	Ash*	CV * Kcal/kg	Moisture Basis
Open Cut	155Mt	33%	5,153	6%
Underground	39Mt	17%	6,670	8%

* Average coal quality
Source: Coal Reserve Competent Person Report as at 31 December 2022 and April 2022 DFS Study

Further Information

The Vendors have appointed PricewaterhouseCoopers Securities (PwCS) and Samil PricewaterhouseCoopers (Samil PwC) to undertake a process to sell their combined 5.0% stake in the Moolarben Mine ("Proposed Transaction").

Parties with an interest in investing who wish to receive further information are requested to execute a Confidentiality Agreement and submit it to PwCS.

Under no circumstances are parties to contact either KOSPO, or any other Vendors. All inquiries are to be directed to Chris Williams or Dennis Tomory on the details listed below.

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Disclaimer

The information in this flyer is an overview and does not contain all information necessary for an investment decision. It is intended to constitute a summary of certain information relating to the Proposed Transaction in Moolarben. The sole purpose of this information is to provide potential investors with preliminary information to assist them in determining whether to proceed with an independent analysis of Moolarben and the Proposed Transaction. The information in this flyer does not purport to be a complete description of Moolarben or the Proposed Transaction. In making an investment decision, investors must rely on their own examination of Moolarben including the merits and risks involved. The information contained in this flyer has been prepared in good faith by PwCS and Samil PwC based on information supplied by our client. No representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any forecast statements, estimates or opinions contained in this flyer. Any financial information and valuation has not been audited or verified by PwCS and Samil PwC. This flyer shall not be reproduced, distributed or used for any other purpose.

