



# Wesfarmers

## NEWS

27 September 2011

### **AGREEMENT TO SELL PREMIER COAL**

Wesfarmers Limited today announced that it has agreed to sell its Premier Coal business to Austar Coal Mine Pty Limited, a wholly owned subsidiary of Yancoal Australia Limited (Yancoal) for \$296.8 million.

The Premier Coal mine in Collie, 200 kilometres south of Perth, produces approximately 3.5 million tonnes of thermal coal each year from the Collie Coal Basin. Premier Coal supplies coal to Verve Energy, the Western Australian state owned power generator, as well as supplying a number of domestic industrial customers.

Yancoal is a wholly owned subsidiary of Yanzhou Coal Mining Company Limited (Yanzhou Coal). Yanzhou Coal is listed on the Hong Kong, Shanghai and New York stock exchanges and is controlled by its major shareholder, Yankuang Group Corporation Limited (Yankuang Group), which holds approximately 53 per cent of shares on issue. Yankuang Group is ultimately controlled by the Shandong provincial government of the People's Republic of China.

Yancoal, headquartered in Sydney, operates five mines in New South Wales and Queensland producing approximately 11 million tonnes of thermal and metallurgical coal per annum. Yanzhou Coal is a large scale thermal and metallurgical coal producer selling around 50 million tonnes of coal each year.

The sale is subject to a number of conditions precedent including approvals from the Australian Foreign Investment Review Board and Chinese government authorities, which will be sought over the coming months.

On successful completion of the transaction Wesfarmers will record a pre-tax profit of approximately \$90 million, which is likely to be included in the financial results for the second half of the 2012 financial year.

The sale follows the announcement in March 2011 that Wesfarmers was exploring options for the future of the Premier Coal mine, having received a number of enquiries regarding a purchase of the business. These options included business as usual, the development of an export-based operation, a joint venture with another party and a sale of the business.

Wesfarmers Limited Managing Director, Richard Goyder, said: "Having now completed the strategic review process, we are pleased to announce the agreement to sell the Premier Coal mine and believe that the sale reflects the best outcome for Wesfarmers' shareholders and the business."

#### **For further information:**

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