

Quarterly Report

July – September 2017

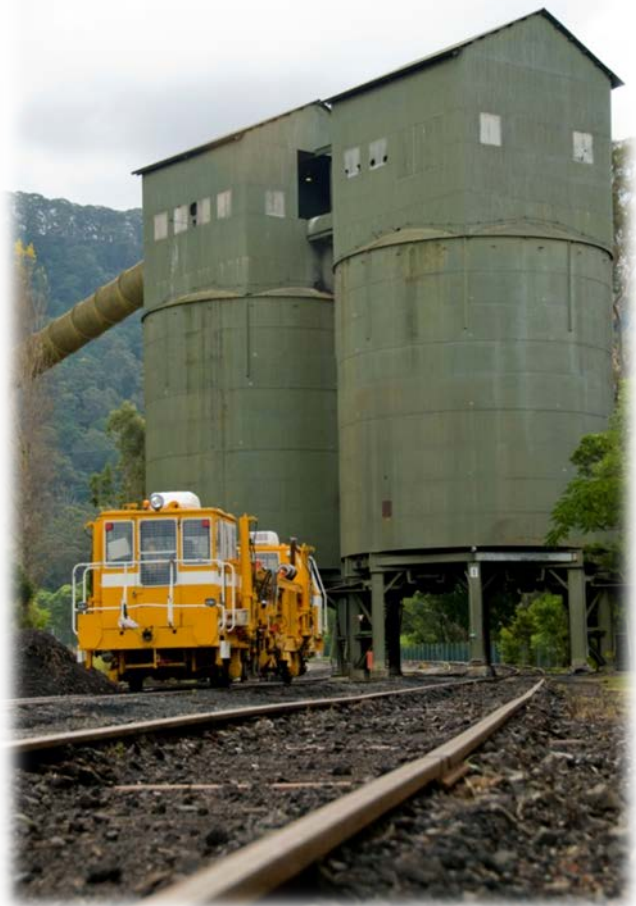


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Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WCL Totals	
	Apr – June 2017	Jul – Sep 2017	Apr – June 2017	Jul – Sep 2017	Apr – June 2017	Jul – Sep 2017
ROM Production	-	-	77,815	3513	77,815	3513
Saleable Production	-	-	77,815	3513	77,815	3513
Sales	-	-	81,151*	-	81,151*	-

*4764 tonnes were sources from a third party

Russell Vale Colliery

The Russell Vale Colliery remains on Care and Maintenance. A small Care and Maintenance team are managing the asset with activities currently focused on equipment maintenance and management of the underground work environment.

Wongawilli Colliery

WCL resumed the role of Mine Operator on July 6th. The mining contract with the Mine's Contract Operator, SBD Services Pty Ltd (SBD) was terminated following SBD entering into administration. Significant remedial works were undertaken in July and August to address the general state of the mine that had been poorly maintained by SBD. This limited the number of people that could be utilised on the recovery operations until the mine was restored to a level that allowed safe travel through the mine. Eventually operations resumed in N1 Panel in early September. It was first workings development which facilitated the commissioning and ramping up of the conveyor belt systems and ancillary mine infrastructure. Some delays occurred due to major component failures on the conveyor systems during commissioning. However, normal mining operations were restored in mid-September. The tonnage produced in the quarter was 3513 tonnes.

Health, Safety, Environment & Community

Health & Safety



Incidents that occurred during the quarter were:

Russell Vale Colliery

- No injuries were reported during the quarter

Wongawilli Colliery

- No injuries were reported during the quarter

Environment & Community



Russell Vale Colliery

There were no reportable environmental incidents during the quarter.

WCL received three Penalty Notices from the NSW Environmental Protection Authority relating to a turbid water discharge into Bellambi Gully Creek on the 15 November 2016.

Penalty Notice - \$15,000 – Pollutions of Waters

Penalty Notice - \$15,000 – Maintenance of Plant and Equipment

Penalty Notice - \$1,000 – Failure to make monitoring data available on the website.

All three penalties have been paid. Inspection of the Bellambi Gully Creek pipeline was commissioned to identify defects. Initial repairs were undertaken of the defects responsible for the discharge. Long term maintenance and monitoring strategy is being developed.

WCL received an official caution from the NSW Environmental Protection Authority relating to a turbid water discharge from LDP1 located at the emplacement area in Russell Vale Colliery on the 8 February 2017. The water drained into Raths Gully which joins Farrahars Creek prior to entering Bellambi Lagoon.

Inspection of the Russell Vale Emplacement pipeline was commissioned to identify defects. Initial repairs were undertaken to the concrete riser responsible for the discharge. Long term maintenance and monitoring strategy is being developed.

Preparation and lodgement of the Amended Underground Expansion Plan (UEP) for Bord and Pillar (i.e. zero subsidence) mining plan for Russell Vale colliery remains in process.

Wongawilli Colliery

There were no reportable environmental incidents during the quarter.

The current Pt3A approval was extended until 2020 to allow extraction of the remaining approved coal blocks in the Nebo and Elouera areas. Further additional applications are being prepared to increase the areas for future coal extraction. A new Mine Operation Plan has been submitted and approved.

Corporate & Financial

Cash Advances Facility Agreement

JSPML has provided the Company with a short-term drawdown facility for cash advances (Facility) for \$200 million. To date, the Company has withdrawn around \$177.63 million and not paid any interest.

The Company has also received \$16.28 million from Jindal Steel and Power (Australia) Pty Ltd as a short term loan.

US \$630 Foreign Currency Term Loan

As announced earlier, the Company with the support of, and guarantee from its parent entity, Jindal Group, has been working with its existing consortium of banks (Lenders) to obtain a Foreign Currency Term Loan of US \$630 million approximately in two Tranches – US \$430m to repay existing loans and US \$200 to part-finance capital expenditures.

WCL has successfully restructured around US \$391 million loans. Despite making some good progress earlier, the restructuring of US \$20.84 million loan from Mauritius Commercial Bank remains pending. The Company continues with its efforts to restructure this loan.

Heads of Agreement with Bellpac

The Company has entered into a binding heads of agreement (HoA) with Bellpac to settle the proceedings initiated by Bellpac in the Supreme Court of New South Wales alleging that conversion of 160 Bonds were not within the redemption rights of the bond agreement and sought, among other things, damages in the amount of over \$9 million (inclusive of interest). The Company is to pay Bellpac a settlement sum of \$6,300,000 (Settlement Sum) and Bellpac is to return to the Company or its nominee 2,472,063,690 shares in WCL, or otherwise consent to the cancellation of the Shares on receipt of the Settlement Sum. The Company lodged an application with Supreme Court of NSW to acquire and cancel shares issued to Bellpac. With an unfavourable judgment on its application, Wollongong Coal was left with option to invoke

the procedures under Division 2 of Part 2J.1 of the Corporations Act to conduct a selective buy-back. Wollongong Coal is preparing for a general meeting to seek shareholders' approval to acquire and cancel shares issued to Bellpac. The meeting is expected sometime in March 2018.

Director resigns

Mr Ashish Kumar, due to certain personal reasons, resigned from the position of director of the Company and its subsidiaries effectively from 1 September 2017. The directors would like to thank Mr Kumar for his dedicated and accomplished service to the Company throughout his tenure.

Capital Structure as on 30 September 2017

Shares on issue	9,366,977,256
Unlisted options	3,200,000

Board of Directors

Mr Milind K Oza – Chairman and CEO
Dr Andrew Firek – Non-executive director
Mr Maurice Anghie – Non-executive director

For Further information

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