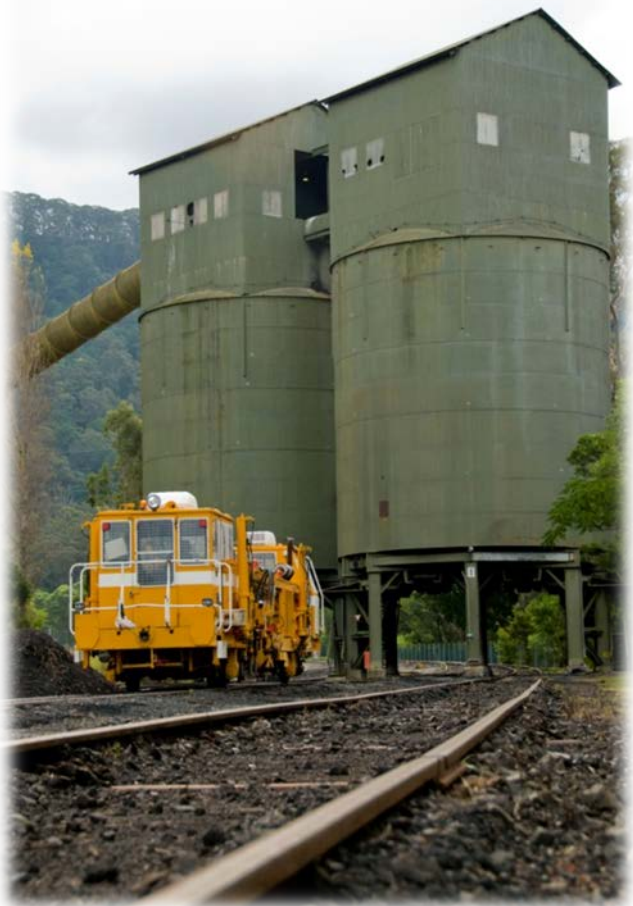


Quarterly Report

October – December 2017



Quarterly Report

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Table of Contents

Production and Sales	3
Russell Vale Colliery	3
Wongawilli Colliery	3
Health, Safety, Environment & Community	4
Health & Safety	4
Environment & Community	5
Corporate & Financial	6
Cash Advances Facility Agreement	6
US \$630 Foreign Currency Term Loan	6
Heads of Agreement with Bellpac	6
WCL vs NRE Resources	7
Capital Structure as on 30 September 2017	7
Board of Directors	7
For Further information	8
Business Address	8

Quarterly Report

October – December 2017

Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WCL Totals	
	Jul – Sep 2017	Oct – Dec 2017	Jul – Sep 2017	Oct – Dec 2017	Jul – Sep 2017	Oct – Dec 2017
ROM Production	-	-	3,513	30,431	3,513	30,431
Saleable Production	-	-	3,513	30,431	3,513	30,431
Sales	-	-	-	-	-	-

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 continues its ramp up of mining operations at Wongawilli, operating the Primary Development Unit in N1 Panel. In early December, the crews from N1 Panel were moved to N3 Panel which had been previously operating as a Secondary Extraction Unit prior to the Contract Operator going into Liquidation in June 2017. WCL was required to fulfil the statutory notification period prior to the resumption of the high productivity extraction operations in N3. This was completed in mid-December 2017. A second mining crew was engaged to resume in N1 after the crews were moved to N3 and this build up will continue until February 2018 when N1 panel also commences secondary extraction operations. Approval is already in place to commence the secondary extraction works. The start-up coincides with the availability of fit for purpose equipment and the completion of the development and preparation works in N1. The tonnage produced in the quarter was 30,431 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

- The main jib or head roller of the conveyor belt from the underground to the surface failed on December 16th, causing damage to the jib assembly and roller. Due to the level of heat generated during this event, its proximity to the underground working and potential risk to the operations, it was reported to the Regulator as required. The failure was actually discovered quickly due to its proximity to the surface control room and the actual risk level was low. The roller was replaced and the mine resumed operations. Increased condition monitoring has been put in place on the mine's conveyor belt systems as a response to the internal investigation into the incident.
- No injuries were reported during the quarter.

Environment & Community



Russell Vale Colliery

There were no reportable environmental incidents during the quarter.

The water management system at the Russell Vale Colliery was strengthened during the quarter with the installation of a coagulant dosing system upstream of the storm water control dam and the development of a pipeline remediation strategy for the Bellambi creek and emplacement water pipelines.

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

Wongawilli Colliery

There were no reportable environmental incidents during the quarter.

Wongawilli received a Penalty Notice from the Department of Planning and Environment for failing to comply with Schedule 2, Condition 2 of the Approval by failing to undertake at least three community consultative committee meetings per year, as specified in the Projects statement of commitments.

Two additional members of the Wongawilli community joined the Wongawilli Community Consultative Committee.

Further additional applications are being prepared to increase the areas for coal extraction at the Wongawilli Colliery.

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 \$177.66 million and not paid any interest.

The Company has also received \$19.17 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. US \$20.84 million loan from Mauritius Commercial Bank (MCB) has been taken over by Axis Bank Limited, DIFC Branch (Axis) and MCB, effectively from 16 Jan 2018, has novated all of its rights and obligations in and under the MCB Facility Agreement to AXIS.

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) plus interest (effectively from 2 October 2017) 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.

Quarterly Report

October – December 2017

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.

WCL vs NRE Resources

On 16 November 2017, the Supreme Court of New South Wales gave judgment in favour of NRE Resources Pty Ltd against the Company in an amount that was to be quantified at a later date. On Friday, 8 December 2017, after receiving written submissions from the parties, judgment was entered in the sum of \$2, 554,537.67 plus legal costs.

As previously announced, this judgment arises from a proceeding initially commenced by the Company against NRE Resources Pty Ltd for amounts owing under an intercompany loan account. In June 2017, NRE Resources Pty Ltd filed a cross-claim against the company, seeking indemnity for an amount it provided to the Mauritius Commercial Bank as security for the Company's obligations under that loan. The judgment sum represents the net amount of these competing claims.

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

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