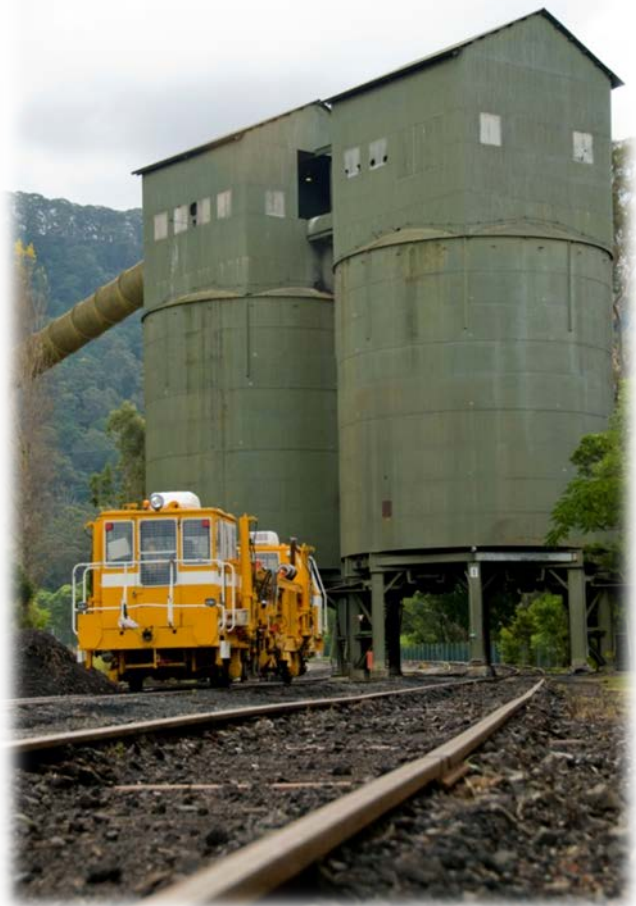


Quarterly Report

January – March 2018



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Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WCL Totals	
	Oct – Dec 2017	Jan – Mar 2018	Oct – Dec 2017	Jan – Mar 2018	Oct – Dec 2017	Jan – Mar 2018
ROM Production	-	-	30,431	78,682	30,431	78,682
Saleable Production	-	-	30,431	78,682	30,431	78,682
Sales	-	-	-	49,383	-	49,383

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 completed its ramp up of mining operations at Wongawilli, commencing Secondary Extraction operations in N1 Panel at the end of March. With N3 Panel well established and continuing its secondary extraction operations, WCL continues to pursue significantly higher levels of production. The tonnage produced in the quarter was 78,682 tonnes.

Coal sales resumed during the quarter with the first export shipment for 2018 dispatched in early February. A second shipment scheduled for late March was delayed due to delays associated with the ship which suffered a boiler failure and required repairs in Sydney. This shipment was rescheduled for early April.

The mine continues to pursue strategies to address its operational performance and achieve higher consistency. The mine is now fully resourced in personnel numbers and equipment, however further equipment updates are necessary to achieve higher production rate. Ongoing programs of work are in place to seek further incremental improvement.

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

- There was one minor injury requiring first aid treatment during the period.

Environment & Community



Russell Vale Colliery

There were no reportable environmental incidents during the quarter. On the 2nd March 2018, a modification application was made to the NSW Department of Planning and Environment (DPE) for Russell Vale Colliery proposing modifications to the project approval in regard to Bellambi Creek Gully works. The proposal has been put on public exhibition and the DPE received a number of comments from regulator and the community, which WCL is currently reviewing and preparing a Submission Report in response back to DPE.

Communications were progressed with Wollongong City Council regarding the Russell Vale Emplacement Area recovery project and WCL is optimistic that Council will progress with conditional approval early next quarter.

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

Community Consultative Committee (CCC) meeting was held on 21st March.

Wongawilli Colliery

There were no reportable environmental incidents during the quarter.

Internal audits and site work programs continued this quarter to address the site environmental management. A full time site Environmental Manager is now stationed at the mine and is part of the mine leadership group.

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 \$178.60 million and not paid any interest. This facility has been extended up to 30 September 2019 with interest rate of 5% been reduce to 0% (Nil) effectively from 1 December 2017.

In addition to date the Company has received \$21.47 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.

To date US \$391 million has been restructured/redrawn under Tranche A and further US \$5.6 million drawn from Tranche B. 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.

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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 July 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. This amount has been paid in full.

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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