Wollongong Coal Limited

ABN 28 111 244 896

Annual Report - 31 March 2018

Contents

Directors	Mr Milind Oza (Chairman) Dr Andrew E. Firek Mr Maurice Anghie
Company secretary	Mr Sanjay Sharma
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Principal place of business	Lot 31 7 Princes Highway, corner of Bellambi Lane Corrimal, NSW 2518
Share register	Boardroom Pty Limited Level 12 225 George Street Sydney, NSW 2000 Ph: 1300 737 760 Fx: 1300 653 459
Auditor	Hall Chadwick Level 40 2 Park Street Sydney, NSW 2000
Bankers	State Bank of India, Sydney Branch Term Syndicate: State Bank of India, Axis Bank Limited, Export Import Bank of India, Bank of Baroda - UK, Union Bank of India, UCO Bank, AfraAsia Bank, SC Lowey, Canara Bank, Punjab National Bank, Punjab National Bank (International) Pty Ltd, State Bank of Mauritius and SBI (Mauritius) Ltd.
Stock exchange listing	Wollongong Coal Limited shares are listed on the Australian Securities Exchange (ASX code: WLC)
Website	www.wollongongcoal.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wollongong Coal Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2018.

Directors
The following persons were the directors of Wollongong Coal Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Milind Oza
Dr Andrew E. Firek
Mr Maurice Anghie

Mr Ashish Kumar (resigned as Non-Executive Director on the 1 September 2017)

Principal activities
The principal activities of the consolidated group during the financial year were:
- mining and producing coal from Wongawilli colliery;
- selling and exporting coal; and
- obtaining approvals to commence operations at Russell Vale Colliery.

Significant Changes to Activities
The following significant changes in the nature of the principal activities occurred during the financial year:
- operations recommenced at Wongawilli Colliery from August 2016; and
- continue working upon obtaining approvals to commence operations at Russell Vale Colliery.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
During the financial year the consolidated entity's total production of ROM coal was 190,143 tonnes from the Wongawilli Colliery as compared to 255,000 tonnes in the previous financial year ending on 31 March 2017. There was no production for almost three months (Jun'17-Aug'17) due to the mining contractor entering into administration.

Total revenue of the consolidated entity was $29,029,000 (2016: $36,168,000). The revenue was from the sale of ROM coal produced from the Wongawilli Colliery.

The loss for the consolidated entity after providing for income tax amounted to $73,883,000 (2017: $5,511,000). The loss is after a net foreign exchange loss of $2,768,000 (2017: gain of $4,204,000) that mainly relates to the change in the exchange rate between the US dollar and Australian dollar on the consolidated entity's US dollar borrowings. Net current liabilities of $831,588,000 (2017: $777,108,000) includes borrowings and working capital facilities of $781,202,000 (2017: $757,729,000) which have been entirely classified as current liabilities to comply with Accounting Standards AASB 101 'Presentation of Financial Statements', due to breaches of financial covenants. The expected principal repayment due on borrowings for the year ending 31 March 2019 is $50,462,000.

Resource and reserve statement for Wollongong Coal as at 31st of May 2018

Introduction
WLC has not, since its annual report for the financial year ended 30 June 2011, provided an updated Resources and Reserve statement which was in compliance with the JORC Code 2012. Accordingly, WLC provides below an updated Resource and Reserve statement in respect of the Russell Vale and Wongawilli Collieries in compliance with the 2012 JORC Code and ASX Listing Rule 5.21.

WLC conducted a detailed review of all available data for the economic coal seams within its Russell Vale and Wongawilli Collieries in early 2017. As part of this detailed review the selected mining section for the coal seams were revised based on economic criteria. As a result of this review there has been an increase in its reportable 2012 JORC Code compliant resources for its Wongawilli Colliery and a reduction of resources for Russell Vale Colliery.

In regards to the Russell Vale colliery, the previously assessed Balgownie seam has been removed due to thin seam thickness, economic criteria and unlikely prospects for extraction. For the Bulli seam, the resource has slightly decreased due to mining attrition. The resource of the Wongawilli seam has increased from 182.8MT to 241.3MT (24.2% increase).

For Wongawilli Colliery, the Bulli seam resource has increased from 36MT to 59MT (39% increase), while the Wongawilli and Tongarra seams show a small increase (2.5% and 8.9% respectively).

The estimation of Reserves is currently under review by WLC in consultation with a mining consulting company. Due to the more rigorous requirements of the 2012 JORC Code the current mine plans for both Russell Vale and Wongawilli Collieries are not of sufficient detail to meet the required standard.

It is anticipated WLC will be in a position to release updated Resource and Reserve estimation for the Russell Vale and Wongawilli collieries by the end of FY2018-19.

Russell Vale Colliery
For the Russell Vale mine an application for a Mining approval modification to continue operations was stalled by the Public Assessment Commission (PAC) and as such all mining ceased at Russell Vale Colliery in early September 2015 with the lapse of its mining approvals. The mine is currently on care and maintenance. A revised modification to the UEP (Underground Expansion Project) is currently being prepared for submission to the Department of Planning.

Coal Resources

1. Geology
Russell Vale Colliery is located in the Southern Coalfield, which is the southern portion of the Permo-Triassic Sydney Basin and contains the Illawarra Coal Measures of Late Permian Age. Overlying the Illawarra Coal Measures are sandstones, shales and mudstones of the Narrabeen Group, which in turn are overlain by the Hawkesbury Sandstone, a massive quartzose sandstone unit. The Wianamatta Group, stratigraphically above the Hawkesbury Sandstone, is the top most unit in the Southern Coalfield.

Within the Illawarra Coal Measures the Bulli Coal is the uppermost coal member and has been extensively mined at Russell Vale Colliery. The Balgownie Coal, stratigraphically some 9 metres below the Bulli Coal has been mined at Russell Vale by the longwall method in the 1970’s and more recently (early 1990’s) by bord and pillar operations (Gibson’s Colliery). The Bulli to Wongawilli Coal interval averages 27 metres. Although consistent in thickness, averaging 10 metres, the Wongawilli Seam has significant deterioration in quality in its upper section. An economic basal section of 2.4m to 3.1m is targeted for mining.

2. Sampling and Sampling Techniques
Target coal seams are identified by a qualified geologist who will do an initial brief log of the drill core (63mm in diameter) and in most instances will have either the full coal seam or representative sections of the coal seam placed in gas canisters for gas desorption testing. Remaining core is placed in core trays for transportation to the field office where the geologist will measure, log, photograph and sample the cored strata and coal seams that were not placed in gas canisters.
The Bulli and Wongawilli Seams are the target seams during drilling with other intersected coal seams being subject to partial analysis where deemed appropriate. The Bulli Seam is sampled over its full section while a potential basal section of the Wongawilli Seam is selected for analysis. Core recovery is targeted at >95%. A detailed underground strip sample programme for the Wongawilli Seam is used for short term detailed modelling.

Sampling procedure developed by WLC is followed by the field geologist. Borecore treatment procedures also developed by WLC are followed by the analysing laboratory.

3. Drilling
All recent drilling has used HQTT core drilling with water / mud circulation. Standard practice is to open hole to approximately 30m above the first target coal seam, the Bulli Seam, and usually finishes below the base of the lower most economic coal seam, the Wongawilli Seam. A 6.0m core barrel is used for almost all coring, with occasionally a 3.0m barrel used for specific requirements. Regional planning has some holes cored to intersect the lower Tongarra Seam for gas testing and coal quality purposes. Historical drilling has involved limited coring of large diameter PQ (100mm) holes to varying depths.

Resource Criteria
All recent drill hole collars are surveyed by registered contract surveyors using GPS and agree with DTM (to < 5m). In the past boreholes have been located by odometer on traverses (1960's) or surveyed using theodolite or EDM (1970's-1980). Coordinate system used for surveying is Geodetic Datum Australia (GDA94) with collar reduced level to Australian Height Datum (AHD) and grid system using Map Grid Australian Zone 56 (MGA).

Topographic data used was acquired from Airborne Laser Scanning (LiDAR) conducted in 2009 with an accuracy of +/- 0.5m Drill hole spacing for Bulli and Wongawilli Seam Measured Resources is a maximum of 700m apart with Indicated Resources a maximum of 1000m apart. Inferred Resources are estimated from drill hole spacing up to 2000m apart but not more than 1000m past the outermost seam intersection. Geostatistical analysis supports the spacing of the above Point of Observation.

Drill hole locations are dependent on natural landform features such as storage water reservoirs and topographic relief across the entire mining lease. Hole spacing is sufficient to establish coal seam continuity across the mining lease to the relevant Resource estimations undertaken.

Sample compositing is not undertaken for the Bulli Seam but is routinely done so for the Wongawilli Seam.

4. Sampling Methodology
Target coal seam sample pre-treatment involves drop shatter and size adjustment prior to wet tumbling. The coal is then screened at 16.0 mm and 0.5 mm ww and float sunk at relative densities 1.30, 1.35, 1.375, 1.40, 1.425, 1.45, 1.50, 1.60, 1.70, 1.80 and 2.00 with yield and ash determined on each fraction. Tree flotation is carried out on the - 0.5 mm ww fraction. A coking coal composite is prepared and analysed for: - Volatile Matter, Sulphur, Phosphorus, CSN, AA Dilatation, Geisler Plastometer, and Petrographic Analysis. There is also a thermal product which is prepared and analysed. All coal pre-treatment and analysis is processed in NATA approved laboratories.

There is no regular formal Quality Assurance or Quality Control procedure on the exploration data collected. Whilst there is no evidence of there being issues, nor is there any out of compliance issues, it is planned to develop a QA/QC procedure for each piece of exploration data that is collected such that an understanding of the precision and accuracy of the data being collected is developed.

5. Estimation Methodology
Data acquisition undertaken both currently and in the past has involved exploration techniques of surface drilling, a surface Mini-Sosie seismic survey, aeromagnetic surveys, electromagnetic surveys, geophysical logging of surface drill holes and information available from surrounding collieries, both operating and non-operating. All reliable data gathered from these sources has been reviewed as reliable by the Resource Competent Person. Data is entered into an ABB Minescape 5 (windows based, running version 5.12) Geological system where borehole lithology data and quality and washability data is stored in table files in the Minescape module. Interpretations of structure from seismic surveys, surface and underground mapping and underground mining survey data also reside in the Minescape module.

Data has been modelled extensively both in Minescape and AutoCad to validate its accuracy and / or consistency with seam variations either by the Resource Competent Person or under his guidance.

6. Grade Parameters
A minimum thickness of 1.5m and >35% insitu ash has been applied to the Bulli Seam full seam mining section and a portion of the Bulli Seam has been classed as uneconomic under these criteria. The Wongawilli Seam has been modelled using a cut-off of >35% insitu ash and only the basal portion of the seam has an economic mining section. Some areas of both seams were excluded due to geological structures.

7. Mining and Modifying Factors
The Coal Resource estimation is based on the mined product being sold into the global coal market as an unwashed coking coal. No beneficiation plant exists for the washing of the ROM product on site. Previous operations involved superficial screening of the mined product to remove oversize, nominally the +63mm material. The majority of the previous production has been sold to WLC's parent company for beneficiation in India where all of the material is utilised either within the coke making industry, power generation or other industrial processes. Long term planning will see the construction of a washing facility off site to produce coking and thermal coals.

8. Resource Reconciliation

For Russell Vale colliery the previously assessed Balgownie seam has been removed due to thin seam thickness, economic criteria and unlikely prospects for extraction. For the Bulli seam the resource has decreased slightly due to mining attrition. The resource of the Wongawilli seam has increased from 182.8MT to 241.3MT (24.2% increase).

9.1 Bulli Seam – Full revision of all the borehole data available on the Bulli Seam was undertaken for the 2017 Resource estimation. Some additional data including stratigraphic logs, geophysical logs and quality data was uncovered for several boreholes. The results of the revision and inclusion of the additional data has resulted in movement of some Inferred resources into the Indicated category. A decrease in Measured Resources and overall decrease in total Resources is due to mining attrition and sterilisation of some remnant pillar areas when mining ceased in the Bulli seam in June 2011.

9.2 Balgownie Seam – Mine planning and economic evaluation undertaken since the 2010 Resource estimation has focused on extraction of the Bulli and Wongawilli seams only. Given the nature of the Balgownie seam (thin section and possible poor clean coal yields due to dilution) and the implication of the impact of seam integrity with extraction of the overlying (Bulli) and underlying (Wongawilli) coal seams it is considered that there is little likely hood of any future mining being undertaken within the Balgownie seam. Because of this the Balgownie seam has been deemed uneconomic to mine and has not been assessed in the 2017 Resource estimation.

9.3 Wongawilli Seam - Full revision of all the borehole data available on the Wongawilli Seam was undertaken for the 2017 Resource estimation. Some additional data including stratigraphic logs, geophysical logs and quality data was uncovered for several boreholes. Also the revision of the mining section to be used was undertaken, not on a single common mining section but one that met the criteria for economic mining. This revision resulted in an increase in the mining height for all of the resource categories, ranging from an increase of 0.35m for Measured to 0.58m and 0.62m for Indicated and Inferred respectively. With this increase in mining height there was also an increase in the insitu density. The results of this revision and inclusion of the additional data has resulted in an increase in the total Resource tonnes of 58.5Mt from the 2010 estimation.

Wongawilli Colliery

Events involving difficult geological conditions and financial issues saw the Wongawilli mine go into care and maintenance in July 2014. The Wongawilli mine recommenced operations in August 2016 under the contractual operation of Delta SBD. Delta used the split and lifts bord and pillar method and mined the Wongawilli Seam until going into administration at the end May 2017. WLC has since applied, and been granted operational status of the mine and is currently in production.

Coal Resources

1. Geology

Wongawilli and Avondale Collieries are located in the Southern Coalfield, which is the southern portion of the Permo-Triassic Sydney Basin and contains the Illawarra Coal Measures of Late Permian Age. Overlying the Illawarra Coal Measures are sandstones, shales and mudstones of the Narrabeen Group, which in turn are overlain by the Hawkesbury Sandstone, a massive quartzose sandstone unit. The Wianamatta Group, stratigraphically above the Hawkesbury Sandstone, is the top most unit in the Southern Coalfield.

Within the Illawarra Coal Measures the Bulli Coal is the uppermost coal member and has been mined to a limited extent at Wongawilli Colliery. The Balgownie Coal, stratigraphically some 8 metres below the Bulli Coal has not been mined due to poor quality and thin coal section. The Bulli to Wongawilli Coal interval averages 27 metres. Although consistent in thickness, averaging about 9 metres, the Wongawilli Seam has significant deterioration in quality in its upper section. An economic basal section of 3.0m to 3.5m is targeted for mining. The Tongarra Seam is not economic in the north of the Wongawilli mining lease. To the south the Tongarra Seam is approximately 26 metres below the Wongawilli Seam and has an economic upper mining section of around 2.3m.

2. Sampling and Sampling Techniques

Target coal seams are identified by a qualified geologist who will do an initial brief log of the drill core (63mm in diameter) and in most instances will have either the full coal seam or representative sections of the coal seam placed in gas canisters for gas desorption testing. Remaining core is placed in core trays for transportation to the field office where the geologist will measure, log, photograph and sample the cored strata and coal seams not placed in gas canisters.

The Bulli, Wongawilli and Tongarra Seams are the target seams during drilling with other intersected coal seams being subject to partial analysis where deemed appropriate. The Bulli Seam is sampled over its full section while a potential basal section of the Wongawilli Seam is selected for analysis. The upper section of the Tongarra Seam is selected for analysis.

Core recovery target is >95%. An underground strip sample programme for the Wongawilli Seam is used for short term detailed modelling.

Sampling procedure developed by WLCL is followed by the field geologist. Borecore treatment procedures also developed by WLC are followed by the analysing laboratory.

Historical field procedures and laboratory practices have varied over the some 70 year life of exploration at the Wongawilli colliery.

3. Drilling

All recent drilling has used HQTT core drilling with water / mud circulation. Standard practice is to open hole to approximately 30m above the first target coal seam, the Bulli Seam, and usually finishes below the base of the lower most economic coal seam, the Tongarra Seam. A 6.0m core barrel is used for almost all coring; with occasionally a 3.0m barrel is used for specific requirements.

4. Resource Criteria

All recent drill hole collars are surveyed by registered contract surveyors using GPS and agree with DTM (to < 5m). In the past boreholes have been located by odometer on traverses (1960's) or surveyed using theodolite or EDM (1970's-1980).

Coordinate system used for surveying is Geodetic Datum Australia (GDA94) with collar reduced level to Australian Height Datum (AHD) and grid system using Map Grid Australian Zone 56 (MGA).

Topographic data used was acquired from Airborne Laser Scanning (LiDAR) conducted in 2009 and 2014 with an accuracy of +/- 0.5m (2009) and +/- 0.25m (2014).

Drill hole spacing for the Bulli and Tongarra Seams' Measured Resources is a maximum of 500m apart with Indicated Resources a maximum of 1000m apart. Inferred Resources are estimated from drill hole spacing up to 2000m apart but not more than 1000m past the outermost seam intersection. For the Wongawilli Seam Measured Resources is a maximum of 800m apart with Indicated Resources a maximum of 1250m apart. Inferred Resources are estimated from drill hole spacing up to 2000m apart but not more than 1000m past the outermost seam intersection. Geostatistical analysis supports the use of the above Point of Observation spacing for the Bulli and Wongawilli seams.

Drill hole locations are dependent on natural landform features such as storage water reservoirs and topographic relief across the entire mining lease. Hole spacing is sufficient to establish coal seam continuity across the mining lease to the relevant Resource estimations undertaken.

Sample compositing is not undertaken for the Bulli Seam but is generally done so for the Wongawilli Seam and for the Tongarra Seam.

5. Sampling Methodology

Target coal seam sample pre-treatment involves drop shatter and size adjustment prior to wet tumbling. The coal is then screened at 16.0 mm and 0.5 mm ww and float sunk at relative densities 1.30, 1.35, 1.375, 1.40, 1.425, 1.45, 1.50, 1.60, 1.70, 1.80 and 2.00 with yield and ash determined on each fraction. Tree flotation is carried out on the - 0.5 mm ww fraction. A coking coal composite is prepared and analysed for: - Volatile Matter, Sulphur, Phosphorus, CSN, AA Dilatation, Geisler Plastometer, and Petrographic Analysis. There is also a thermal product which is prepared and analysed. All coal pre-treatment and analysis is processed in NATA approved laboratories.

There is no regular formal Quality Assurance or Quality Control procedure on the exploration data collected. Whilst there is no evidence of there being issues, nor is there any out of compliance issues, it is planned to develop a QA/QC procedure for each piece of exploration data that is collected such that an understanding of the precision and accuracy of the data being collected is developed.

6. Estimation Methodology

Data acquisition undertaken both currently and in the past has involved exploration techniques of surface drilling, 2D surface seismic surveys, aeromagnetic surveys, electromagnetic surveys, geophysical logging of surface drill holes and information available from surrounding collieries, both operating and non-operating. All reliable data gathered from these sources has been reviewed as reliable by the Resource Competent Person. Data is entered into an ABB Minescape 5 (windows based, running version 5.12) Geological system where borehole lithology data and quality and washability data is stored in table files in the Minescape module. Interpretations of structure from seismic surveys, surface and underground mapping and underground mining survey data also reside in the Minescape module.

Data has been modelled extensively both in Minescape and AutoCad to validate its accuracy and / or consistency with seam variations either by the Resource Competent Person or under his guidance.

7. Grade Parameters

The Bulli Seam has been evaluated for mining involving the plough longwall mining method for thin seam operations. Although not evaluated to a pre-feasibility level, the use of thin seam extraction methods in other coal mining operations around the world gives confidence in its application to some of the thinner areas of the Bulli Seam. The estimation of the Bulli seam resource has considered this application of mining techniques and has assessed the Bulli seam as extractable to a thickness of 1.3m. A cut-off of insitu ash content of >35% has also been applied to the Bulli seam. The Wongawilli Seam has been modelled using a cut-off of >35% insitu ash and only the basal portion of the seam has an economic mining section. The Tongarra seam is modelled using both the thickness and insitu ash limits. Generally, where the Tongarra Seam thickness decreases to <1.5m, the insitu ash content tends to increase to >35%. Some areas of all seams were excluded due to geological structures.

8. Mining and Modifying Factors

The Coal Resource estimation is based on the mined product being sold into the global coal market as an unwashed coking coal. No beneficiation plant exists for the washing of the ROM product on site. Current operations involve inline crushing of the mined product to nominally -50mm material. The majority of the previous production has been sold to WLC's parent company for beneficiation in India where all of the material is utilised either within the coke making industry, power generation or other industrial processes. Long term planning will see the construction of a washing facility off site to produce coking and thermal coals.

9. Resource Reconciliation

For Wongawilli Colliery the Bulli seam resource has increased from 36MT to 59MT (39% increase) while the Wongawilli and Tongarra seams show small increases (2.5% and 8.9% respectively).

9.1 Bulli Seam – Full revision of all the borehole data available on the Bulli Seam was undertaken for this 2017 Resource estimation. Some additional data including stratigraphic logs and quality data was uncovered for several boreholes. The results of the revision and inclusion of the additional data has resulted in movement of some Inferred resources into the Indicated category. The Bulli Seam has also been evaluated for mining involving the plough longwall mining method for thin seam operations. Although not evaluated to a pre-feasibility level the use of thin seam extraction methods in other coal mining operations around the world gives confidence in its application to some of the thinner areas of the Bulli Seam. The estimation of the Bulli seam resource has considered this application of mining techniques and has assessed the Bulli seam as extractable to a thickness of 1.3m. The results of this revision and inclusion of the additional data has resulted in an increase in the total Resource tonnes of 23.0Mt from the 2010 estimation.

9.2 Wongawilli Seam - Full revision of all the borehole data available on the Wongawilli Seam was undertaken for this 2017 Resource estimation. Some additional data including stratigraphic logs and quality data was uncovered for several boreholes. Also the revision of the mining section to be used was undertaken, not on a single common mining section but one that met the criteria for economic mining. This revision resulted in a small increase in the mining height for all of the resource categories, ranging from 0.10m for Measured to 0.012m and 0.246m for Indicated and Inferred respectively. With this increase in mining height there were also slight changes in the insitu density. The results of this revision and inclusion of the additional data has resulted in a small increase in the total Resource tonnes from the 2010 estimation.

9.3 Tongarra Seam – Full revision of all the borehole data available on the Tongarra Seam was undertaken for this 2017 Resource estimation. Some additional data including stratigraphic logs and quality data was uncovered for several boreholes. Also the revision of the mining section to be used was undertaken, not on a single common mining section but one that met the criteria for economic mining. This revision resulted in a small increase in the mining height and also slight changes in the insitu density. The results of this revision and inclusion of the additional data has resulted in an increase in the total Resource tonnes of 10.0Mt from the 2010 estimation.

RUSSELL VALE COLLIERY

COAL RESOURCES

as at 31st May 2018																			As at 31 March 2010			
			Measured Coal Resource				Indicated Coal Resource				Inferred Coal Resource				Total Coal Resource				Total Coal Resource			
Deposit (1) (2)	Mining Method	Coal Type	Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S
Bulli (3)	UG	Met	10.7	16.1	20.2	0.40	36.4	19.8	20.6	0.38	7.7	20.5	20.8	0.42	54.6	19.2	20.6	0.39	56.5	21.1	21.0	0.36
Balgownie (3)	UG	Met/Th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75.6 (4)	21.2	21.3	0.41
Wongawilli (3)	UG	Met/Th	9.8	33.2	18.8	0.54	11.5	33	19.2	0.52	116.5	32.1	19.4	0.55	241.3	33.0	19.2	0.53	182.8	27.8	20.5	0.51

(1) Cut-off grade

Coal Resources: No seam thickness applied to the Bulli Seam as minimum thickness is economic. Insitu ash limit of 35% applied to the Wongawilli seam preferred mining section

(2) Resource tonnages are insitu moisture basis. Ash is reported as raw, VM and S are reported as cleaned coal on an air-dried basis

(3) Bulli Seam decrease in resource tonnes due to mining attrition

Mine planning and economic evaluation focused on extraction of the Bulli and Wongawilli seams only and there is little likely hood of any future mining of the Balgownie seam

Wongawilli Seam increase in Resource tonnes due to a review of the preferred mining section

(4) Balgownie Seam resource was last estimated in 2008

WONGAWILLI COLLIERY

COAL RESOURCES

as at 31st May 2018

			Measured Coal Resource				Indicated Coal Resource				Inferred Coal Resource				Total Coal Resource				As at December 2010 Total Coal Resource			
Deposit (1) (2)	Mining Method	Coal Type	Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S	Mt	%Ash	%VM	%S
Bulli (3)	UG	Met	-	-	-	-	19	14.6	20.6	0.38	40	20.8	20.8	0.38	59	18.8	20.7	0.38	36	15.8	21.0	0.36
Wongawilli (3)	UG	Met/Th	41	30.1	21.5	0.40	47	32.2	21.3	0.43	111	36.9	22.1	0.44	199	34.4	21.8	0.43	198	32.7	21.3	0.41
Tongarra (3)	UG	Met/Th	-	-	-	-	6	31.2	22.5	0.52	107	33.7	22.7	0.49	113	33.6	22.7	0.49	103	28.5	22.7	0.51

(1) Cut-off grade

Coal Resources: Seam thickness >1.3m applied to the Bulli Seam as minimum thickness. Insitu ash limit of 35% applied to the Wongawilli and Tongarra seam preferred mining section

(2) Resource tonnages are insitu moisture basis. Ash is reported as raw, VM and S are reported as cleaned coal on an air-dried basis

(3) Bulli Seam increase in resource tonnes due to evaluation of mining thickness and mining method.

Wongawilli Seam increase in Resource tonnes due to a review of the preferred mining section

Tongarra Seam increase in Resource tonnes due to a review of the preferred mining section

Governance and Internal Controls

WLC has implemented a risk management program to effectively manage the quality of all Coal Resource estimations and reconciliations. This risk management program involves an assessment of the risks that are involved when estimating Coal Resources and the relevant controls that are in place to ensure that the Coal Resources collected are accurately reported. As part of this, the program actively measures both the possibility of errors and the controls that are in place to mitigate that outcome.

As has been highlighted in this statement, all of the acquired data for WLC's estimation processes has been modelled extensively in Minescape and AutoCad to validate accuracy and consistency with seam variations. Further, all data gathered from WLC's exploration techniques have been reviewed as reliable by the Resource Competent Person.

There is currently no formal Quality Assurance or Quality Control procedure in place for sampling data. While there is no evidence of there being any issues with this, nor are there any compliance issues, WLC have introduced plans to develop appropriate Quality Assurance/Quality Control procedures for sampling data.

Statement of Competent Person/s

The estimation of Coal Resources for Wollongong Coal Limited Russell Vale and Wongawilli Collieries, as at 31st May 2018, has been carried out by Competent Person Mr. Barry Clark, who is a member of the Australasian Institute of Mining and Metallurgy (31 years) and is the Geological and Marketing Manager with Wollongong Coal Limited. The information in the above statement that relates to Coal Resources is based on, and fairly represents, information and supporting documentation prepared by the Competent Person.

The estimation of Coal Resources reported are as prescribed by the "***Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves***" (2012 edition, The JORC Code, Clauses 42 to 44) and also using the terminology and the guidelines put forth in the 2014 edition of "***Australian Guidelines for the Estimation and Classification of Coal Resources***".

Significant changes in the state of affairs

Operation at Wongawilli mine

Production at Wongawilli mine ceased in May2017 due to the mining contractor, SBD Services Pty Ltd (SBD) entering into administration. The Company resumed the role of Mine Operator in early July2017 and spent almost 2 months on remedial works to address the general state of the mine that had been poorly maintained by SBD. Operations were resumed in N1 Panel from early September2017. It was first workings development which facilitated the commissioning and ramping up of the conveyor belt systems and ancillary mine infrastructure. In December2017 N1 Panel crew were moved to N3 Panel which was previously operating as a Secondary Extraction Unit prior to SBD going into administration. A second mining crew was engaged to continue development at N1 Panel and it commenced secondary extraction operations at the end of March 2018. By the end of financial year, the mine was fully resourced in personnel numbers and equipment. Ongoing programs are in place and further equipment updates have been scheduled in the current financial year to achieve a higher production rate.

Foreseeing further delays and uncertainties with the proposed underground expansion project to extract longwall coal at Russell Vale colliery, the Company decided to and commenced working upon amending its current UEP application from longwall mining plan to board and pillar mining plan. The proposed zero subsidence – long term stable mining plan is being designed principally to manage and avoid (if necessary) areas of uncertainties identified by PAC in their review report. The proposed mining plan is expected to be finalized and lodged in near future.

Russell Vale Colliery – remains in care and maintenance

Continuing support from Jindal Steel & Power (Mauritius) Limited

The consolidated entity has continued to receive the ongoing support of its parent entity Jindal Steel & Power (Mauritius) Limited (Jindal Steel).

The Cash Advance Facility of $200 million provided by the parent entity Jindal Steel has been extended up to 30 September 2019 with interest rate of 5% being reduced to 0% (Nil) effective December 2017. As at 31 May 2018, the Company has drawn and utilized $188,952,000

Jindal Steel has also provided a letter confirming financial support for at least next 12 months from the signing date of the annual report of Wollongong Coal Group for the period ended 31 March 2018, unless there is an acceleration and demand from of the lenders or creditors at WCL or JSPML.

In addition, as at 31 May 2018, the Company has received a loan for a total amount of $30,015,972 from Jindal Steel and Power (Australia) Pty Ltd (JSPAL), wholly owned subsidiary of Jindal Steel.

JSPAL has also provided a letter of support confirming not to recall aforesaid loan for at least next 12 months from the signing date of the annual report of Wollongong Coal Group for the period ended 31 March 2018. The letter further confirms that the inter-company restructured and redrawn loans (Foreign Currency Term Loan below) through JSPAL will not be called upon for repayment for a period of at least 12 months from the date of signing of the annual report of Wollongong Coal Group for the financial year ended on 31 March 2018 unless there is an acceleration and demand from the lenders in case of any event of default.

Foreign Currency Term Loan – US $ 630 million

The Company with the support of Jindal Steel, 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 $430 million to repay existing loans and US $200 million to part-finance capital expenditures.

To date US $391 million has been restructured and redrawn under Tranche A and further US $5.6 million drawn from Tranche B. A US $20.84 million loan from Mauritius Commercial Bank (MCB) has been taken over by Axis Bank Limited, DIFC Branch (Axis), and MCB effective from 16 January 2018, has novated all its rights and obligations in and under the MCB Facility Agreement to AXIS.

Potential Sale of Non-Operational Land

The Company's total landholding comprises 455 hectares (Ha) located at Wongawilli – 15 kilometres southwest of Wollongong. Of this total landholding, WLC considers approximately 280 Ha as necessary for WLC's coal mining operations. The Company considers the balance of the land is suitable for sub-division redevelopment over the short, medium and long term (Non-Operational Land).

The Company has undertaken a preliminary analysis, including engaging advisors and canvassing interest from developers, in relation to the potential sale of part of the Non-Operational Land.

The Company has entered into a conditional agreement for the sale of an initial parcel of 33 lots/6.34 ha (Initial Lots) as the part of the Non-Operational Land. The agreement is subject to a number of conditions including clearance from the secured lenders. A DA application has been lodged with the Council in respect of the Initial Lots.

The Company is in process of obtaining formal offers for the remaining 150 Ha of Non-Operational Land.

Withholding Tax Liabilities on interest payments to non-residents

The Company's obligation to withhold and remit withholding tax on interest payments made to non-residents between 1 April 2010 and 31 March 2014 has recently been reviewed and audited by the Australian Taxation Office (ATO). As per the Finalisation of Audit Letter dated 20 September 2017, the ATO considers that the Company should have deducted and remitted withholding tax totalling $3,914,000 on interest paid to non-residents on certain loans, in circumstances where no withholding tax was actually deducted by the Company. Following the finalisation of the audit, the ATO issued a penalty notice to the Company in the amount of $3,914,000 payable to the ATO. The Company lodged an objection against this penalty notice to the extent of $2,089,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

Following the above assessment from the ATO, the Company voluntarily disclosed interest payments to non-residents post 1 April 2014 period resulting in the ATO issuing a penalty notice to the Company in the amount of $3,948,000. The Company is lodging an objection against this penalty notice to the extent of $1,986,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

The Company has received a favourable decision for both of the objections.

Possible Litigation

The consolidated entity has received claims for payment in total for $4,048,000 that is in dispute. Further, the consolidated entity has given notice of claims for a larger amount, which the consolidated entity considers should be offset against the claims made against it. The consolidated entity is continuing to seek legal advice in relation to these matters. Due to legal and commercial sensitivity, no further information could be disclosed at the time of this report.

Update on litigations and legal matters

- On 16 November 2017, the Supreme Court of New South Wales gave judgment in favour of NRE Resources Pty Ltd against the Company for $2,554,000. The amount has been paid in full.

- The Company is defending an indemnity/restitution claim based on implied terms for approximately $20.45 million for damages and indemnity from Gujarat NRE India Pty Ltd. These claims include AUD$6.57 million relating to alleged unpaid loan for which GNIPL issued a statutory demand, which was later set aside by the Court. The matter has been heard and judgement remains pending.

- 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 the Supreme Court of NSW to acquire and cancel shares issued to Bellpac. With an unfavourable judgment on its application, Wollongong Coal was left with an 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 now expected in August 2018.

- Wongawilli Coal has now settled its dispute with ATF Mining Electrics Pty Ltd trading as AMP Control over alleged damages exceeding AU$742,000 for repudiation of an alleged contract. The matter is now settled and Wongawilli Coal has paid the entire settlement amount of $255,000.

- PCL Shipping commenced arbitral proceedings in Singapore against the Company relating to freight alleged to be owed for a shipment which occurred in August 2013. The Company commenced proceedings in the Supreme Court of NSW seeking, amongst other things, declarations that there is no enforceable agreement between WCL and PCL. By agreement the arbitration in Singapore has been discontinued. The proceedings are now to be heard in the Supreme Court of the NSW. PCL has cross claimed against WCL in those proceedings for US $3.2m (plus interest plus costs) and other amounts relating to the arbitration. The hearing date is yet to be fixed.

- Wongawilli Coal has now settled its dispute with Pacific National (NSW) Pty Ltd over alleged loss under an indemnity exceeding AU$354,000. The matter is now settled and Wongawilli Coal has paid the entire settlement amount of $75,000.

- On 8 November 2017, a Local Court Magistrate held offences brought by the Department of Planning and Environment under section 292C of the Mining Act 1992 (NSW) relating to the late payment of Wollongong Coal Limited and Wongawilli Coal Pty Limited of rental fees and administrative levies proven.

  The annual rental fees and annual administrative levies were paid by Wongawilli Coal Pty Limited in December 2016. The annual rental fee and annual administrative levy for Wollongong Coal Ltd was paid in August 2016. The Department brought the proceedings in June 2017 after the fees and levies were paid. The convictions and fines have been stayed pending appeal set down for 12 June 2018. Refer to section Matters subsequent to the end of the financial year for update.

- Wollongong Coal Ltd and Wongawilli Coal Pty Limited are the defendants in proceedings commenced on 8 March 2018 by the Department of Planning and Environment. The proceedings relate to short delays in paying by their due dates the 2017 authorisation fees payable under section 292C of the Mining Act 1992 (NSW) for WCL’s Mining Lease 1575 and WCPL’s Mining Lease 1565 and Consolidated Coal Lease 766. The matter is set down for 25 June 2018. Refer to section Matters subsequent to the end of the financial year for update.

All other statements of claim that were served have been either settled (paid), withdrawn or the parties have agreed upon a payment plan.

Matters subsequent to the end of the financial year

WLC has offered an enforceable undertaking to address the concerns of the DPE in relation to the payment of authorisation fees for the next five years. The enforceable undertaking relates to the court attendance notices for failure to pay authorisation fees issued by the Department on 8 March 2018, and the convictions recorded against WLC on 8 November 2017, which are currently on appeal to the District Court.

In summary, the joint Wollongong Coal Limited and Wongawilli Coal Pty Ltd undertaking proposes to;

a. Engage an independent person to conduct a review of Wollongong Coal Limited and Wongawilli Coal Pty Ltd systems and processes for meeting their obligations and payments required under the Mining Act;
b. Provide a report on recommendations and actions of the systems review to the Regulator;
c. Conduct an independent review and audit of the financial capacity of Wollongong Coal Limited and Wongawilli Coal Pty Ltd;
d. Provide an audit report setting out the review findings and recommendations to the Regulator;
e. Provide refresher training to all relevant Wollongong Coal Limited and Wongawilli Coal Pty Ltd administrative staff concerning compliance obligations under the Mining Act;
f. Pay the authorisation fees for 2018 within one month of acceptance of the undertaking;
g. Pay the fees for 2019 to 2022 for each Authorisation 12 months in advance of each due date;
h. Provide two bank guarantees each of $150,000 ($300,000 in total) as an assurance of the future payment of authorisation fees;
i. Pay an additional penalty of 15% of the payment due if any payments are made between 1 and 30 days late;
j. Pay an annual donation of $5,000 each ($10,000 total) to a local charity or community group by 30 June each year until 1 January 2023;
k. Pay the Regulator's investigation and legal costs of $24,350;
l. Lease Wollongong Coal Limited property to Little School Preschool Inc for $1 per annum (reduced from $26,000 per annum) for at least until 1 January 2023;
m. Withdraw Wollongong Coal Limited and Wongawilli Coal Pty Ltd appeals in the District Court upon acceptance of the undertaking; and
n. Report to the Regulator on the progress of the undertaking.

The Secretary of the Department of Planning and Environment has accepted the terms of the undertaking and has confirmed it will not take further action in relation to the ‘show cause’ notice. In accordance with terms of the undertaking, WCL and WWC will discontinue their appeal to the District Court. Under section 378ZFH of the Mining Act 1992, the Secretary must take all reasonable steps necessary to have the 8 March 2018 court attendance notices withdrawn and proceedings discontinued as soon as possible.

Likely developments and expected results of operations

Likely developments and expected results have been included throughout this report, where relevant.

Environmental regulation

The consolidated entity's operations are controlled and managed by significant environmental regulation under Commonwealth, State and Local legislation. The following incidents relate to Environment Protection Authority (EPA) licenses, during the financial year:

Russell Vale Colliery

There were no reportable environmental incidents in the last year.

In the first quarter (April -June 2017) Pollution Reduction Program 8 (PRP8) was added to the Colliery's Environment Protection Licence requiring

• inspection of site stormwater piping;
• a plan be developed to treat turbid water onsite in the site's dirty water management system; and
• real time turbidity data from the inflow and discharge points of the site be made available to the public on WCL's website.

The inspection of site stormwater piping has been completed by an independent expert. The real time turbidity data from the inflow and discharge points of the site has been made available to public on WCL's website. WCL continues to liaise with the Environment Protection Authority (EPA) regarding clean and dirty water management on site.

In the second quarter (July-Sept 2017) 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.

Three penalties were received and 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.

In the third quarter (Oct – Dec 2017) the water management system at the Russell Vale Colliery was strengthen 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.

In the fourth quarter (Jan- 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.

Wongawilli Colliery

There were no reportable environmental incidents in the last year.

Pollution Reduction Program 12 (PRP12) was added to the Colliery's Environment Protection Licence requiring a maintenance and assessment of the site storm water system.

The immediate maintenance works of the site storm water system was completed. The assessment of the site storm water system has been completed by an independent expert and submitted. WCL continues to liaise with the EPA regarding clean and dirty water management on site.

Site water management continues.

- Repairs have been done to the Filter Lagoon spillway
- Decline Surcharge Dam has been cleaned out
- Dissipation Dam has been cleaned out and out flow pipe system has been repaired
- Works have been done to repair erosion damage on emplacement area
- Repairs have been done on emplacement drainage system and creek protection wall

During the third quarter of 2017 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 (CCC) per year, as specified in the Projects statement of commitments.

Since that time there has been three CCC meetings held: on the 24th October 2017, 13th of December 2017 and on the 7th March 2018. The next meeting is scheduled for the 27th of June 2018.
Two additional members of the Wongawilli community joined the Wongawilli Community Consultative Committee. Mr Col Gellatly has retired as chair of the committee. Mr David Ross has been appointed by the Department of Planning as the new chair of the committee and will attend the meeting.
A Notice of variation of License No. 1087 in regards to PRP 12 was issued to WCL in December 2017. Modification to PRP 12 Section 2 is that WCL is to undertake regular inspections and maintenance on the decline conveyor channel, and report to the EPA twice yearly and a summary report to the EPA by 31 December 2019 that describes the effectiveness of the WCL decline conveyor drain management strategy.

Decline conveyor drain has been cleared once since that time and will be done again in the coming months incorporating a more suitable drainage design.
There has been some improvement on waste management on site.

- 9,000lt of waste oil have been removed from site in November 2017;
- Over 525 tonnes of scrap steel have been removed from site since October 2017; and
- 133,500 Lt of black water (sewage) have been removed from site

Information on directors

Name:	Mr Milind K Oza
Title:	Chairman and Chief Executive Officer
Qualifications:	Bachelor degree in business and an LLB degree in law from South Gujarat University, India. Mr Oza also holds a Masters in International Management studies from the University of Texas and a Master of Science in Management Information Systems from the University of Texas, Dallas, USA.
Experience and expertise:	Mr Oza has more than 30 years of experience and has held senior positions in various organisations. He worked with Canadian telecom major Nortel Networks for 14 years including as a Director of International Marketing. He worked two years with Booz Allen Hamilton in McLean Virginia. Prior to this he successfully managed his own business in the hospitality industry in the USA. He was President, Global Ventures, Jindal Steel and Power Limited (JSPL) before joining Wollongong Coal. He remains the Chairman of Jindal Power Senegal SAU, which has signed a power purchase agreement for building a 350 MW coal-based power generation plant in Senegal.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Executive Management Committee
Interests in shares:	380,000 direct
Interests in options:	None
Contractual rights to shares:	None

Name:	Dr Andrew E. Firek
Title:	Non-Executive Director
Qualifications:	M.Sc, Ph D, FAusIMM, FAIE
Experience and expertise:	Dr Firek has been involved in mining and mineral processing for over 25 years. His experience includes managing process development, construction, commissioning and operations of coal, base and precious metals plants in Europe, Africa and Australia. He was a United Nations expert in fossil fuels exploration, mineral processing and energy generation. Dr Firek is also familiar with downstream processing of oil and gas that helps in evaluating feasibility of fuel resources. Dr Firek was a Group Leader at the CSIRO, Division of Fossil Fuels in Sydney and was engaged in developing technologies to produce liquid fuels from coal. He was Project Director at Memtec Ltd, following which he joined Pancontinental Mining Ltd where he was Research and Development Manager involved in substantial mineral resources projects including base and precious metals, uranium and the development and commissioning of a $220 million magnesia production facility near Rockhampton in Queensland. Dr Firek was a director of mineral residue processing group Hydromet Technologies Ltd. He was a founding director in three ASX listed companies and managed coal, iron ore, base and precious metals exploration, feasibility studies and financial negotiations for projects in Australia, South America, China (Inner Mongolia) and Indonesia.
Former directorships (last 3 years):	
Special responsibilities:	Member of the Audit & Risk Committee and Nomination & Remuneration Committee
Interests in shares:	548,523 direct and 659,000 indirect
Interests in options:	None
Contractual rights to shares:	None

Name:	Mr Maurice Anghie
Title:	Non-Executive Director
Qualifications:	B. Bus, FCA, FCPA
Experience and expertise:	Mr Anghie is an experienced and financially qualified professional possessing a range of commercial and financial skills. Having worked extensively in the listed corporate environment, he possesses legal, regulatory and governance expertise. He has been an Audit and Corporate Finance Partner in many chartered accounting firms over many years.
Other current directorships:	None
Former directorships (last 3 years):	Non-executive director of Aditya Birla Minerals Limited
Special responsibilities:	Chairman of the Audit & Risk Committee and Nomination & Remuneration Committee
Interests in shares:	685,000 indirect
Interests in options:	None
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Mr Sharma is a Management Graduate from the University of Canberra with over 15 years of experience in business management. He has held various senior positions in two other companies before joining Wollongong Coal Limited as a Company Secretary in 2004. He is also Company Secretary in other group companies in Australia. He is currently looking after Secretarial and Legal compliance of the group in particular Wollongong Coal Limited, which is listed on the Australian Securities Exchange (ASX). Mr Sharma has been associated with the Wollongong Coal Limited since its inception and was fully involved in the Company’s successful initial public offering (IPO) and listing on the ASX.

He is actively involved in investors and other stakeholders’ relations and also handling legal matters for the Company.

Meetings of directors
During the year, the board of directors only had 9 board meetings. The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 March 2018, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Mr Milind k Oza	8	9	-	-
Dr Andrew E. Firek	9	9	2	2
Mr Maurice Anghie	9	9	2	2
Mr Ashish Kumar *(resigned 1 September 2017)*	2	2	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

No meeting was held by the Remuneration Committee during the year.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the key management personnel ('KMP') remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has also structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- attracts and retains high calibre executives

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors' remuneration

The Board collectively reviews the appropriate criteria for Board membership. The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The level of remuneration for non-executive directors is also considered with regard to practices of other public companies to ensure that fees and payments to non-executive directors are appropriate and in-line with the market. At present the fees payable to directors are fixed and not performance based i.e. not based on company’s revenue or profit etc. The fees and payments to non-executive directors are reviewed annually. Non-executive directors are allowed to invest in the shares in the company and hold options.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The last determination was at the Annual General Meeting held on 24 July 2010, where the shareholders approved an aggregate remuneration of $1,000,000.

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable. Remunerations for executive directors are determined by the Board upon review and recommendation from the Remuneration Committee. The Remuneration Committee may also appoint an independent adviser to assist them in analysing and determining adequate pay-structure for an executive and recommending the same to the Board for final consideration and approval.

The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive. Some executives receive a company vehicle or car allowances as part of their remuneration.

Short-term incentives ('STI'): During the financial year, there were no performance based incentives. All remuneration was fixed and based on factors such as experience, time and responsibilities.

Long-term incentives ('LTI'): Except for long service leave and existing options issued in prior years, there were no other LTI. No shares or options were issued to any executive during the financial year.

Consolidated entity performance and link to remuneration
Remuneration is not directly linked to the performance of the consolidated entity.

Use of remuneration consultants
During the financial year ended 31 March 2018 the consolidated entity did not engage remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Voting and comments made at the company's 2017 Annual General Meeting (AGM)
At the 2017 AGM, 99.98% of the votes received supported the adoption of the remuneration report for the year ended 31 March 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

Details of the remuneration of the directors and other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) of Wollongong Coal Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Wollongong Coal Limited and the following persons:

Mr Milind K Oza – Chairman and Chief Executive Officer
Dr Andrew Firek – Director
Mr Maurice Anghie – Director
Mr Sanjay Sharma – Company Secretary
Mr Wayne Sly – Chief Operating Officer (appointed on 1 May 2017)
Mr Anil Jain – Chief Financial Officer
Mr Devendra Vyas – AVP & Head – Commercial
Mr Ashish Kumar (resigned as Non-Executive Director on the 1 September 2017)
Mr Prakash Sinha – Head HR & Administration (resigned on 8 October 2017)

Consolidated 2018	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation Inc Salary Sacrifice $	Long service leave $	Termination benefits $	Options $	Total $
Andrew Firek[1]	50,000	-	-	4,750	-	-	-	54,750
Maurice Anghie[1]	50,000	-	-	4,750	-	-	-	54,750
Milind K Oza	438,149	-	33,040	30,000	11,830	-	-	513,019
Sanjay Sharma	214,000	-	-	20,330	5,778	-	-	240,108
Wayne Sly[2]	202,019	-	2,384	19,192	5,455	-	-	229,050
Anil Jain[2]	50,053	-	5,217	4,755	1,351	-	-	61,376
Devendra Vyas[3]	-	-	-	-	-	-	-	-
Ashish Kumar[4]	-	-	-	-	-	-	-	-
Prakash Sinha[4]	94,008	-	98,495	8,931	2,538	24,334	-	228,306
Total	**1,098,229**	**-**	**139,136**	**92,708**	**26,952**	**24,334**	**-**	**1,381,359**

1. independent director
2. appointed during the year
3. is remunerated by Jindal Steel and Power (Australia) Pty Ltd, part of Jindal Group
4. resigned during the year

Consolidated 2017	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation Inc Salary Sacrifice $	Long service leave $	Termination benefits $	Options $	Total $
Ashish Kumar	-	-	-	-	-		-	-
Andrew Firek	50,000	-	-	4,750	-	-	-	54,750
Maurice Anghie	50,000	-	-	4,750	-	-	-	54,750
Milind K Oza	438,149	-	44,020	30,000	11,830	-	-	523,999
Azad Bhura[1]	-	-	-	-	-	-	-	-
Sanjay Sharma[2]	185,309	11,159[3]	-	17,604	5,003	330,843	-	549,918
Prakash Sinha	190,053	-	130,836	18,055	5,131	-	-	344,075
Devendra Vyas[4]	-	-	-	-	-	-	-	-
Rhys Brett[1]	274,536	-	-	27,170	7,412	201,817	-	510,935
Total	**1,188,047**	**11,159**	**174,856**	**102,329**	**29,376**	**532,660**	**-**	**2,038,427**

1. resigned during the year
2. resigned from permanent role but continuing as casual
3. was due and payable in 2013-14
4. is remunerated by Jindal Steel and Power (Australia) Pty Ltd, part of Jindal Group

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed Remuneration		At risk - STI		At risk - LTI	
	2018	2017	2018	2017	2018	2017
Andrew Firek	100%	100%	0%	0%	0%	0%
Maurice Anghie	100%	100%	0%	0%	0%	0%
Milind K Oza	100%	100%	0%	0%	0%	0%
Sanjay Sharma	100%	100%	0%	0%	0%	0%
Wayne Sly	100%	n/a	0%	n/a	0%	n/a
Anil Jain	100%	n/a	0%	n/a	0%	n/a
Devendra Vyas	90%	90%	10%	10%	0%	0%
Ashish Kumar	n/a	n/a	n/a	n/a	n/a	n/a
Prakash Sinha[1]	90%	90%	10%	10%	0%	0%

1. resigned during the year

Service agreements

Mr Sharma is currently on casual contract that can be terminated with three working days' notice in writing by either party.

Mr Sly is currently on one year fixed term contract ending on 30 April 2019 that can be terminated earlier with one month notice in writing by either party.

All other key management personnel are employed on standard employment terms. Either party may terminate their contract by giving one month notice in writing.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 March 2018.

Options
There are no options affecting remuneration of directors and other key management personnel in this financial year or future reporting years.

There were no options over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 31 March 2018.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Andrew Firek	1,207,523	-	-	-	1,207,523
Maurice Anghie	685,000	-	-	-	685,000
Milind K Oza	-	-	380,000		380,000
Sanjay Sharma	291,677	-	-	-	291,677
Anil Jain	-	-	906,000	-	906,000
	2,184,200	-	1,286,000	-	3,470,200

Option holding
No director or key management personnel of the consolidated entity hold any options in the Company.

This concludes the remuneration report, which has been audited.

Shares under option
Each option mentioned below when exercised will be converted into one fully paid ordinary share. At the date of this report, the total numbers of options on issue are:

Grant date	Expiry date	Exercise Price	Number of Options
05/02/2009	31/12/2018	$0.50	400,000
05/02/2009	31/12/2019	$0.50	400,000
05/02/2009	31/12/2020	$0.50	400,000
03/02/2010	31/12/2018	$0.65	120,000
03/02/2010	31/12/2019	$0.65	120,000
03/02/2010	31/12/2020	$0.65	120,000
29/12/2010	31/12/2018	$0.65	280,000
29/12/2010	31/12/2019	$0.65	280,000
29/12/2010	31/12/2020	$0.65	280,000
			2,400,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Wollongong Coal Limited issued on the exercise of options during the year ended 31 March 2018 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Rounding of amounts

The parent company has applied the relief available to it under ASIC Corporation (Rounding in Financial/ Directors Reports) Instrument 2016/191. Accordingly, amount in financial statements have been rounded off to the nearest $1,000.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

Hall Chadwick continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Milind K Oza
Director

June 15, 2018
Corrimal, NSW

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
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WOLLONGONG COAL LIMITED
ABN 28 111 244 896
AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF WOLLONGONG COAL LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2018 there has been:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

S Kumar

SANDEEP KUMAR
Partner
Dated: 15 June 2018

CORPORATE GOVERNANCE STATEMENT

Wollongong Coal Limited and its subsidiary companies ("**WLC**"), through its Board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with WLC. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

ASX Corporate Governance Principles and Recommendations

Reporting against the 8 Principles, we advise as follows:

Principle 1: Lay solid foundations for management and oversight

1.1 A listed entity should disclose:

(a) the respective roles and responsibilities of the board and management

(b) those matters expressly reserved to the board and those delegated to management.

The primary responsibilities of WLC's board include:

(i) the establishment of long term goals of the company and strategic plans to achieve those goals;

(ii) the review and adoption of the annual business plan for the financial performance of the company and monitoring the results on a monthly basis;

(iii) the appointment of the Chief Executive Officer;

(iv) ensuring that the company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and

(v) the approval of the annual and half-yearly statutory accounts and reports.

The board meets on a regular basis to review the performance of the company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled board meeting, each board member is provided with a formal board package containing appropriate management and financial reports.

The responsibilities of senior management including the Chief Executive Officer are contained in letters of appointment and job descriptions given to each appointee on appointment and updated at least annually or as required.

The primary responsibilities of senior management are:

(i) Achieve WLC's objectives as established by the Board from time to time;

(ii) Operate the business within the cost budget set by the Board;

(iii) Assess new business opportunities of potential benefit to the Company;

(iv) Ensure appropriate risk management practices and policies are in place;

(v) Ensure that WLC's appointees work with an appropriate Code of Conduct and Ethics; and

(vi) Ensure that WLC appointees are supported, developed and rewarded to the appropriate professional standards.

1.2 A listed entity should:

a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and

b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The board of WLC undertakes appropriate checks prior to appointing a person, or putting a person forward to shareholders as a candidate for election as a director. These include checks as to the person's character, experience, education, criminal record and bankruptcy history.

Information about a candidate standing for election or re-election as a director will be provided to shareholders to enable them to make an informed decision on whether or not to elect or re-elect the candidate. This information may include:

- biographical details, including relevant qualifications, experience and skills;
- details of other material directorships;
- a statement regarding whether the director qualifies as independent;
- any material adverse information or potential conflicts of interest, position or association;
- the term of office currently served (for directors standing for re-election); and
- a statement whether the board supports the election or re-election of the candidate.

1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

All directors and senior executives of WLC have a written agreement with the Company setting out the terms of their appointment.

1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary of WLC is accountable to the board on all governance matters and reports directly to the Chairman as the representative of the board.

The Company Secretary is appointed and dismissed by the board.

The Company Secretary's advice and services are available to all directors.

1.5 A listed entity should:

a) have a diversity policy which includes requirement for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

b) disclose that policy or a summary of it; and

c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purpose); or

2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.

The Company has an established policy in relation to gender diversity. This policy is managed and monitored by the Remuneration Committee.

The Company will disclose at the end of each reporting period the respective proportions of men and women on the board and in senior executive positions. The Company has three directors at present, none of which are women

1.6 A listed entity should:

a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board undertakes an annual performance evaluation of itself that:

- compares the performance of the Board with the requirements of its Charter; and
- effects any improvements to the Board Charter deemed necessary or desirable.

The WLC board has three board members, who are in regular contact with each other as they deal with matters relating to WLC's business. The board uses a personal evaluation process to review the performance of directors, and at appropriate times the Chairman takes the opportunity to discuss Board performance with individual directors and to give them his own personal assessment. The Chairman also welcomes advice from Directors relating to his own personal performance. The Remuneration Committee determines whether any external advice or training is required.

1.7 A listed entity should:

a) have and disclose a process for periodically evaluating the performance of its senior executives; and

b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The performance of all senior executives and appointees is reviewed at least once a year. The performance of the Chief Executive Officer is reviewed by the Board on an annual basis, and the performance of other senior executives is reviewed by the Chief Executive Officer, in conjunction with the board's Remuneration and Nominations Committee. They are assessed against personal and Company Key Performance Indicators established from time to time as appropriate for WLC.

The WLC Corporate Governance Charter is available on the WLC web site, and includes sections that provide a board charter. The WLC board reviews its charter when it considers changes are required.

Principle 2: Structure the board to add value

2.1 The board of a listed entity should:

a) have a nomination committee which;

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director;

and disclose

(3) the charter of the committee

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting; or

b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The nomination committee is comprised of two Directors, Mr Firek and Mr Anghie. Both directors are non-executive and independent.

There is no current board charter for nominations.

New directors are selected after consultation of all board members and their appointment voted on by the board. Each year, in addition to any board members appointed to fill casual vacancies during the year, one third of directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting.

The number of times the committee meets is disclosed in the annual report.

2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its memberships.

During the 2018 financial year, the WLC board conducted a governance skills review regarding the skills, knowledge and experience of the current board. The skills matrix is set out in the table below.

	Non-executive Director Member of audit and risk committee and nomination and remuneration committee	Non-executive Director Chair of audit and risk committee and nomination and remuneration committee	Chairman Executive director – Chair of executive management committee
Skills and Experience	Mining and mineral processing experience. Process development, construction and commissioning of coal operations.	Accounting and financial reporting; corporate finance and internal financial controls; financial analysis skills, compliance and governance skills.	Business management; MIS; international marketing; strategy development and implementation; stakeholder relationship, Global experience

The WLC board has determined that any addition to board membership must be independent of shareholders and management.

2.3 A listed entity should disclose:

a) the names of the directors considered by the board to be independent directors;

b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

c) the length of service of each director.

Mr Maurice Anghie, non-executive director and chairman of the audit committee is considered to be independent and has served as a director since 22 May 2007.

Dr Andrew Firek, non-executive director, is considered to be independent, and has served as a director since 18 December 2006.

Mr Milind K Oza, is Chairman and CEO and executive nominee director of Jindal Group and is therefore not considered to be independent. Mr Oza has served as a director since 05 December 2016.

Mr Ashish Kumar, was non-executive nominee director of Jindal Group and was therefore not considered to be independent. Mr Kumar has served as a director between 16 June 2015 and 1 September 2017.

2.4 A majority of the board of a listed entity should be independent directors.

The current board structure complies with this recommendation. There are two independent directors and one non-independent director.

2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Mr Milind K Oza, the chairman, is the CEO and a nominee of Jindal Group. This is not in compliance with CGC's Recommendations 2.5. However, the Board believes that the appointment of Mr Oza as the Chairman is based on his experience and skills and is in the best interest of the company and stakeholders.

2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

WLC has a program for induction of new directors. Directors are active in undertaking professional development opportunities for the purpose of development and maintenance of their skills. Such activities are reported as part of the board's governance skills review, which also assists in identifying areas requiring further development.

Principle 3: Act ethically and responsibly

3.1 *A listed entity should:*

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

WLC's policies contain a formal code of conduct that applies to all directors and employees, who are expected to maintain a high standard of conduct and work performance, and observe standards of equity and fairness in dealing with others. The detailed policies and procedures encapsulate the company's ethical standards. The code of conduct is contained in the WLC Corporate Governance Charter, see www.wollongongcoal.com.au.

Principle 4: Safeguard integrity in corporate reporting

4.1 the board of a listed entity should:

(a) have an audit committee which

(1) has at least three members, all of who are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not a chair of the board,

and disclose:

(3) the charter of the committee;

(4) the relevant qualifications of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Audit committee is comprised of two non-executive independent directors' Dr Andrew Firek and Mr Maurice Anghie. The Company is yet to nominate and appoint third member.

The company has adopted an Audit Committee charter. It is publicly available on the WLC website.

The Audit Committee met 2 times during the course of the year. Mr Maurice Anghie, the Chair, is a chartered accountant with experience as an audit and corporate finance partner of a number of chartered accounting firms. Dr Andrew Firek has held senior positions in various companies possessing substantial mineral processing and mining experience.

The Audit Committee provides a forum for the effective communication between the board and external auditors. The committee reviews:

- The annual and half-year financial reports and accounts prior to their approval by the board;
- The effectiveness of management information systems and systems of internal control; and
- The efficiency and effectiveness of the external audit functions.

The committee meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

The Audit Committee also reviews the WLC Corporate Governance and Risk Management processes to ensure that they are effective for a listed public company that currently has a small market capitalisation.

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, received from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Declarations regarding the financial statements are received from the senior management including CEO. The board received such declarations for the half year and annual reports for 2018.

4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

WLC's auditor attends the Company's AGM in person and is available to answer questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

5.1 a listed entity should:

(a) have a written policy for complying with is continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

WLC recognises that timely and balanced disclosure of all material information concerning the Company must be made on a continuous basis so as to ensure that the market is informed of all material events and developments as they arise. WLC's Continuous Disclosure Policy is available on the Governance page of the Company's website: www.wollongongcoal.com.au.

Principle 6: Respect the rights of security holders

6.1 A listed entity should provide information about itself and its governance to investors via its website.

WLC's website includes a Governance page, which includes a copy of this Corporate Governance Statement and various governance policies.

6.2 A listed entity should design and implement and investor relations program to facilitate effective two-way communication with investors.

The Company's Shareholder Communication Policy, which is available on the Governance page of its website, summarises the Company's communication program, including regular reporting, email alerts, active participation at the Company's AGM and encouragement of shareholder communications.

6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Notices of the Annual General Meeting, together with accompanying information such as the explanatory memorandum, are sent to shareholders, either by mail or email, depending on the shareholder's election, and are also placed on the Company's website. Shareholders are encouraged to attend the Annual General Meeting and to ask questions.

6.4 A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.

The Company provides an email alert service. Shareholders are encouraged to register for this service through the Company's website and once registered will receive information by email, including ASX releases, annual and other reports, company presentations and notices of general meetings.

Shareholders may also elect to receive communications from the Company's share Registrar, Boardroom Pty Limited, by email.

Principle 7: Recognise and manage risk

7.1 The board of a listed entity should:

(a) have a risk committee to oversee risk which:

(1) has at least three members, a majority of who are independent directors; and

(2) is chaired by an independent director; and disclose

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;

or

(b) if it does not have a risk committee, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The board has determined that while it is comprised of only three members the board as a whole will perform the tasks and functions generally assumed by a risk committee.

The Company has established policies for the oversight and management of material business risks. The Company's Risk Management Policy is available on the Governance page of its website: www.wollongong coal.com.au. This document sets out the Company's policy and processes for risk management and the roles and responsibilities of the board, executives and employees.

WLC has incorporated risk management into its decision making and business planning processes so that risks are identified, analysed, ranked and appropriate risk controls and risk management plans are put into place to manage and reduce the identified risks.

The risk identification and management system is reviewed annually by senior management and the board and policies and practices upgraded where issues are identified that require attention. Reviews of specific items are undertaken by senior management where issues are identified and immediate action is required.

Risk is a standing item on the agenda of board meetings, for reporting against identified material business risks.

7.2 The board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

(b) disclose in relation to each reporting period, whether such a review has taken place.

WLC's risk policy is reviewed by the Board of Directors annually to coincide with the preparation and lodgement of the Company's Annual Report. A review was undertaken in the financial year ending 31 March 2018.

7.3 A listed entity should disclose:

(a) If it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The board has determined that, consistent with the size of the Company and its activities, an internal audit function is not currently appropriate. As noted regarding recommendations 7.1 and 7.2 above and regarding Principle 4 above, the board has adopted a Risk Management Policy and processes appropriate to the size of WLC to manage the company's material business risks and to ensure regular reporting to the board on whether those risks are being managed effectively in accordance with the controls that are in place.

7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.

The board has reviewed the Company's exposure to economic, environmental and social sustainability risks and determined that, given the nature of its activities and the fact that the Company is reliant on raising funds for continued activities from shareholders or other investors, this represents a material economic risk. The Company's financial position is monitored on a regular basis and processes put into place to ensure that fund raising activities will be conducted in a timely manner to ensure the Company has sufficient funds to conduct its activities.

Principle 8: Remunerate fairly and responsibly

8.1 The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose

(3) the charter of the committee

(4) The members of the committee; and

(5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings,
; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

WLC has a remuneration committee. The committee comprises Mr Maurice Anghie, Chair, and Dr Andrew Firek.

WLC considers that the structure of its Nomination and Remuneration Committee is appropriate for the company. The Nomination and Remuneration Committee is chaired by the independent director, Mr Maurice Anghie.

Senior executives remuneration packages are reviewed by reference to WLC's performance, the executive director's or senior executive's performance, as well as comparable information from industry sectors and other listed companies in similar industries, which is obtained from external remuneration sources. This ensures that base remuneration is set to reflect the market for a comparable role.

8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The remuneration details of non executive directors, executive directors and senior management are set out in the Remuneration Report that forms part of the Directors' report.

The performance of the executive director and senior executives is measured against criteria agreed annually and bonuses and incentives are linked to predetermined performance criteria and may, with shareholder approval, include the issue of shares and / or options.

There are no schemes for retirement benefits, other than statutory superannuation for non-executive directors.

8.3 A listed entity which has an equity-based remuneration scheme should:

8.3.1 have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

8.3.2 disclose that policy or a summary or it.

The Company's Security Trading Policy, a copy of which is available on the Governance page of the Company's website www.wollongongcoal.com.au, sets out restrictions on participation by staff in hedging arrangements.

over the Company's securities issued pursuant to any share scheme, performance right's plan or option plan. In particular:

- Staff are prohibited from in hedging arrangements over unvested securities; and
- Vested securities may only be hedged once they are exercised into shareholdings and only under the following conditions:

    - the details of the hedge are fully disclosed to the Chairman and the Company Secretary (and to ASX and in the Annual Report, as appropriate);
    - the hedge transaction is treated as a dealing in securities and the restrictions and requirements of the Securities Trading Policy are satisfied; and
    - all holding locks have been removed from the relevant securities.

Wollongong Coal Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2018

	Note	Consolidated 2018 $'000	2017* $'000
Revenue	7	27,358	36,168
Other income	8	1,670	1
Expenses			
Changes in inventories of finished goods and work in progress		4,582	(991)
Raw materials and consumables used		(2,996)	(426)
Employee benefits expense		(11,098)	(8,392)
Depreciation and amortisation expenses		(30,407)	(28,648)
Reversal / (impairment) on non-current assets	9	(2,275)	50,281
Net impairment of available-for-sale financial assets	9	(135)	(1,515)
Net foreign exchange gain	9	(2,768)	(4,204)
Finance costs	9	(20,857)	(23,148)
Other operating expenses		(36,957)	(24,637)
Loss before income tax expense		(73,883)	(5,511)
Income tax expense	10	-	-
Loss after income tax expense for the year attributable to the owners of Wollongong Coal Limited		(73,883)	(5,511)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of available-for-sale financial assets, net of tax		(210)	120
Transfer to profit or loss on impairment of available-for-sale financial assets		135	1,515
Other comprehensive income for the year, net of tax		(75)	1,635
Total comprehensive income for the year attributable to the owners of Wollongong Coal Limited		(73,958)	(3,876)
		Cents	**Cents**
Basic earnings per share	37	(0.79)	(0.06)
Diluted earnings per share	37	(0.79)	(0.06)

*See note 5 for details in relation to restatement

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	2018 $'000	Consolidated 2017* $'000	2016* $'000
Assets				
Current assets				
Cash and cash equivalents	11	5,761	6,728	6,505
Trade and other receivables	12	481	1,166	1,396
Prepayments	13	3,362	3,431	468
Inventories	14	12,046	6,173	7,431
Assets held for sale	15	11,913	151	-
Total current assets		33,563	17,649	15,800
Non-current assets				
Available-for-sale financial assets	16	300	510	390
Property, plant and equipment	17	775,641	797,164	736,372
Deposits	18	17,601	14,417	9,849
Total non-current assets		793,542	812,091	746,611
Total assets		827,105	829,740	762,411
Liabilities				
Current liabilities				
Trade and other payables	19	80,282	33,662	29,885
Borrowings	20	781,202	757,729	698,292
Provisions	21	3,667	3,366	5,570
Convertible bonds		-	-	7,594
Total current liabilities		865,151	794,757	741,341
Non-current liabilities				
Provisions	22	42,241	35,110	24,306
Total non-current liabilities		42,241	35,110	24,306
Total liabilities		907,392	829,867	765,647
Net (liabilities)/assets		(80,287)	(127)	(3,236)
Equity				
Issued capital	23	913,690	913,690	905,107
Reserves	24	(4,548)	1,729	2,243
Accumulated losses	25	(989,429)	(915,546)	(910,586)
Total equity		(80,287)	(127)	(3,236)

* See note 5 for details in relation to the restatement.

Wollongong Coal Limited
Statement of changes in equity
For the year ended 31 March 2018

Consolidated	**Note**	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 April 2016		905,107	2,243	(916,200)	(8.850)
Correction of prior period error	5	-	-	5,614	5,614
Balance at 1 April 2016 (restated)		905,107	2,243	(910,586)	(3,236)
Loss after income tax expense for the year		-	-	(5,511)	(5,511)
Other comprehensive income for the year, net of tax		-	1,635	-	1,635
Total comprehensive income for the year		-	1,635	(5,511)	(3,876)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	23	8,583	-	-	8,583
Transfers from share-based payments reserve			(551)	551	-
Share-based payments	38	-	(1,598)	-	(1,598)
		8,583	(2,149)	551	6,985
Balance at 31 March 2017		913,690	1,729	(915,546)	(127)

Consolidated		**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 April 2017		913,690	1,729	(915,546)	(127)
Loss after income tax expense for the year		-	-	(73,883)	(73,883)
Other comprehensive income for the year, net of tax		-	(75)	-	(75)
Total comprehensive income for the year		-	(75)	(73,883)	(73,958)
Transactions with owners in their capacity as owners:					
Share buyback reserve			(6,300)	-	(6,300)
Share-based payments	38	-	98	-	98
		-	(6,202)	-	(6,202)
Balance at 31 March 2018		913,690	(4,548)	(989,429)	(80,287)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wollongong Coal Limited
Statement of cash flows
For the year ended 31 March 2018

	Note	Consolidated 2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		29,473	35,721
Payments to suppliers and employees		(14,168)	(23,645)
Interest received		296	334
Rent received		14	14
Interest and other finance costs paid		(17,748)	(16,261)
Net cash used in operating activities	36	(2,133)	(3,837)
Cash flows from investing activities			
Receipts from sale of property, plant and equipment		3,759	-
Payments for property, plant and equipment		-	(752)
Payments for mine development and licences		(1,924)	(18,216)
Drawdown for Port Kembla coal terminal		(2,791)	(2,862)
Net cash used in investing activities		(956)	(21,830)
Cash flows from financing activities			
Proceeds from borrowings		-	52,160
Proceeds of loans from related parties		6,737	25,890
Repayment of borrowings		(4,615)	(52,160)
Net cash provided by financing activities		2,122	25,890
Net increase/(decrease) in cash and cash equivalents		**(967)**	**223**
Cash and cash equivalents at the beginning of the financial year		**6,728**	**6,505**
Cash and cash equivalents at the end of the financial year	**11**	**5,761**	**6,728**

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Wollongong Coal Limited (WCL) as a consolidated entity consisting of Wollongong Coal Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Wollongong Coal Limited's functional and presentation currency.

Wollongong Coal Limited is a for profit listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Lot 31
7 Princes Highway, corner of Bellambi Lane
Corrimal, NSW 2518

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 June 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Going concern

The consolidated entity reported a net loss of $73,883,000 in the financial year ended on 31 March 2018 compared to $5,511,000 in the previous corresponding financial year. The loss is after a net foreign exchange loss of $2,768,000 (2017: gain of $4,204,000).

Net current liabilities of $831,588,000 (2017: $777,108,000) includes borrowings and working capital facilities of $781,202,000 (2017: $757,729,000) which have been classified as current liabilities to comply with Accounting Standards AASB 101 ‘Presentation of Financial Statements’, due to breach of financial covenants. The expected principal repayment due on borrowings for the year ending 31 March 2019 is $65,834,298, subject to negotiations in relation to existing facilities.

The current adverse performance of the consolidated entity was mainly due to:

- No production from Russell colliery being on care and maintenance; and
- The Mining Contractor SBD Services Pty Ltd (SBD) at Wongawilli colliery entering into voluntary administration (currently in liquidation) and Wongawilli colliery only recommencing in September 2017 albeit at reduced level.

Nevertheless, the directors consider the consolidated entity to be a going concern on the basis of the following:

Funding and support from Jindal Group

Since taking over the majority stake and management control in October 2013, Jindal Group has been funding and supporting the Company. To date the Company has received in excess of $542 million by way of equity and loans.

The Company has received a support letter dated 20 April 2018 from JSPML reiterating their previous support letter issued on 23 November 2017 stating that JSPML will continue to support the consolidated entity for a period of at least 12 months from the date of signing of the annual report of Wollongong Coal Group for the period ended 31 March 2018, unless there is an acceleration and demand from of the lenders or creditors at WCL or JSPML.

In addition, Cash Advance Facility of $200 million provided by JSPML has been extended up to 30 September 2019 with interest rate of 5% been reduced to 0% (Nil) effective from December 2017.

As at 25 May 2018, the Company has received a short-term loan repayable on demand for a total amount of $30,016,000 from Jindal Steel and Power (Australia) Pty Ltd (JSPAL), wholly owned subsidiary of JSPML.

JSPAL has also provided a letter of support confirming not to recall aforesaid loan for at least next 12 months from the signing date of the annual report of Wollongong Coal Group for the period ended 31 March 2018. The letter further confirms that the inter-company restructured and redrawn loans (Foreign Currency Term Loan below) through JSPAL will not be called upon for repayment for a period of at least 12 months from the date of signing of the annual report of Wollongong Coal Group for the financial year ended on 31 March 2018 unless there is an acceleration and demand from the lenders in case of any event of default.

Settlement of Legal claims

The consolidated entity has successfully defended and/or resolved several legal claims. Please refer to section 'Update on Legal matters and Litigations' of the directors' report for details.

Rescheduling of bank debts

The Company has successfully deferred significant repayments.

Financial covenants breaches and waivers

As disclosed above, borrowings have been classified as current due to covenant breaches as at 31 March 2018. Notwithstanding such breaches, the consolidated entity had received a default notice from Mauritius Commercial Bank (MCB) for an unpaid sum of US $24.06 million consisting of instalment repayments plus interest and default interest. MCB's facility has been taken over by Axis Bank Limited, DIFC Branch (Axis) and MCB, effectively from 16 January 2018, has novated all its rights and obligations in and under the MCB Facility Agreement to AXIS.

Recommencement of operations at Wongawilli colliery

Production at Wongawilli mine ceased in May 2017 due to mining contractor, SBD Services Pty Ltd (SBD) entering into administration. The Company resumed the role of Mine Operator in early July2017 and spent almost 2 months on remedial works to address the general state of the mine that had been poorly maintained by SBD. Operations were resumed in N1 Panel from early September 2017. It was first workings development which facilitated the commissioning and ramping up of the conveyor belt systems and ancillary mine infrastructure. In December 2017 N1 Panel crew were moved to N3 Panel which was previously operating as a Secondary Extraction Unit prior to SBD going into administration. A second mining crew was engaged to continue development at N1 Panel and it commenced secondary extraction operations at the end of March 2018. By the end of financial year, the mine was fully resourced in personnel numbers and equipment. Ongoing programs are in place and further equipment updates have been scheduled in current financial year to achieve higher production rate.

The coking coal prices remain favourable. With expected production at current prices, the Company is expected to generate sufficient revenues to meet its own costs by the end of FY2018.

Cost Control

The Company continues to operate within a strict budgeted and cost-controlled regime.

The directors believe that with all measures put in place as detailed above, together with the continued support of its parent entity, financiers, suppliers and other stakeholders, the consolidated entity would be able to put its liquidity troubles behind it and move to the more productive aspect of running a profitable business.

The directors consider the consolidated entity to be a going concern and will be able to meet its debts and obligations as they fall due. Notwithstanding the above, if one or more of the planned measures do not eventuate or are not resolved in the consolidated entity's favour, then in the opinion of the directors, there will be significant uncertainty regarding the ability of the consolidated entity to continue as a going concern and pay its debts and obligations as **and** when they become due and payable.

If the consolidated entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business at amounts different from those stated in the financial statements.

No adjustments have been made to the financial statements relating to the recoverability and classification of the recorded asset amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 2. Going concern (continued)

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, available-for-sale financial assets.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wollongong Coal Limited ('company' or 'parent entity') as at 31 March 2018 and the results of all subsidiaries for the year then ended. Wollongong Coal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 3. Significant accounting policies (continued)

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Export sales
Revenue comprises sale of coal at invoiced amounts, with most sales being cost and freight. Amounts billed to customers in respect of shipping and handling are classified as revenue where the consolidated entity is responsible for carriage and freight. Revenue also includes the charter service revenue at invoiced amounts. All shipping and handling charges incurred by the consolidated entity are recognised as operating costs.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Lease rental income from housing and farm leasing is recognised in income on a receipts basis.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Wollongong Coal Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current distinction
Assets and liabilities are presented in statements of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 3. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Inventories of coal are physically measured or stated at the lower of cost and net realisable value.

Coal stocks comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs are assigned to inventories using the weighted average basis.

Stores cost comprises average cost of purchase price and associated charges.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Note 3. Significant accounting policies (continued)

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Assets held for sale
Assets are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as “held for sale” occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

Impairment losses are recognised for any initial or subsequent write-down of an asset classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less depreciation or amortisation. The cost of a tangible fixed asset comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use.

Mine development is activities undertaken to gain access to mineral reserves. Typically, this includes sinking shafts, permanent excavations, building transport infrastructure and roadways.

Deferred restoration costs represent the costs to restore the leased premises and is calculated at the discounted present value of the estimated restoration at the end of the lease term.

Pre-production costs are capitalised to the extent they give rise to a future economic benefit and include costs incurred in preparing the site for mining operations, including stripping costs. Costs associated with a start-up period are capitalised where the asset is available for use but incapable of operating at normal levels without a commissioning period.

Depreciation and amortisation are calculated to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	20 - 40 years on a straight line basis
Plant and equipment	3 - 10 years on a straight line basis
Mine development	Proportion of actual production measured against mineable resources in the mine area developed on which the expenses were incurred
Mining leases	Proportion of actual production measured against the mineable resources available in the mine
Deferred restoration cost	On a straight line basis over the life of the mine lease
Pre-production expenses	Proportion to actual production measured against mineable resources in the mine seam for which the expenses were incurred

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 3. Significant accounting policies (continued)

Exploration and licenses
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs that do not meet these criteria are expensed. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits
Wages and salaries and annual leave, long service leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave are recognised in respect of services provided by employees up to the reporting date and measured based on expected date of settlement. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for wages and salaries, and annual leave expected to be settled more than 12 months of the reporting date, and long service leave is recognised and measured as the present value of expected future payments to be made using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Note 3. Significant accounting policies (continued)

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 3. Significant accounting policies (continued)

Convertible bonds
Bonds are a compound financial instrument containing liability and equity components, which are shown separately in the statement of financial position. The initial fair value of the liability portion of the bond was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Foreign currency transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Wollongong Coal Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The parent company has applied the relief available to it under ASIC Corporation (Rounding in Financial/ Directors Reports) Instrument 2016/191. Accordingly, amount in financial statements have been rounded off to the nearest $1,000.

Comparatives
Comparatives have been restated where necessary to conform to current presentation.

Note 3. Significant accounting policies (continued)

New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  The directors anticipate that the adoption of AASB 9 will not have a significant impact on the Group's financial statements.

– AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

  The directors do not anticipate that the adoption of AASB 15 will have any impact on the Group's financial statements.

Note 3. Significant accounting policies (continued)

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of AASB 16 will not impact the Group's financial statements.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment and reversal of impairment of non-financial assets
The consolidated entity assesses impairment and any reversal of impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment or reversal of impairment. If an impairment trigger or indicator of reversal exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. Where fair value less costs of disposal is used, the valuation takes into consideration what a market participant would do to obtain the highest and best use of the asset. An estimate is made of the potential costs of disposal.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. The consolidated entity has impaired the receivables with its former parent entity, Gujarat NRE Coke Limited and other associated entities based on management's assessment that the receivable is no longer recoverable.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Mine closure and rehabilitation provision estimates
Provision is made for the anticipated costs of future site restoration. The provision includes estimated future costs relating to the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site. The calculation of rehabilitation and closure provisions (and corresponding capitalised closure cost assets where necessary) rely on estimates of cost required to rehabilitate and restore disturbed areas of land to their original condition and discounting factors. These estimates are regularly reviewed and adjusted in order to ensure that most up to date data is used to calculate these balances. The closure and rehabilitation provision is disclosed in note 22.

Mine development and pre-production capitalisation
The consolidated entity's activities undertaken to gain access to mineral reserves or sinking shafts, permanent excavations, building transport infrastructure and roadways are capitalised and are amortised over the estimated reserves in that developed area of the mine. Amortisation is calculated in proportion to actual production when measured against mineable resources in the mine area developed. The consolidated entity has allocated its resources to develop longwall blocks in the Russell Vale Colliery, making this colliery a development mine. Since 1 June 2011 all expenses have been capitalised to mine development cost except variable cost directly related to any production panel and any revenue from developmental coal which are accounted in profit or loss with corresponding cost for developmental coal being equivalent to sale revenue being charged back to profit or loss from capitalised development cost to have zero impact on profitability. The carrying value of mine development and pre-production is reviewed by directors to ensure it is not in excess of its recoverable amount.

Determination of coal reserves and resources
The consolidated entity estimates its coal reserves and resources based on information compiled by competent persons as defined in the Australian code for reporting the coal mineral resources and ore reserves of December 2012 (JORC CODE). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives and for forecasting the time for payment of close down and restoration costs.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into accounts the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Contingent liabilities
The consolidated entity from time to time may incur obligations arising from litigation or various types of legal and regulatory matters in the normal course of business. At the reporting date, the consolidated entity assesses these matters based on current information and makes judgements concerning their potential outcome, giving due consideration to the nature of the claim, the amount and nature of any damages sought, and the probability of success. Such judgements are made with the understanding that the outcome of any litigation, investigation, or other legal proceeding is inherently uncertain. The consolidated entity discloses contingent liabilities for matters where the probability of any outflow in settlement was greater than remote (refer to note 30). In the event the disclosure of information in relation to a contingent liability can be expected to prejudice seriously the position of the consolidated entity in a dispute, accounting standards allow the consolidated entity not to disclose such information and it is the consolidated entity's policy that such information is not to be disclosed in this note.

Note 5: Restatement of prior period error

During the year, the company undertook a detailed review of its receivable accounts and discovered that certain of the receivable advanced to PKCT was incorrectly written off in profit or loss in the previous financial periods. As a consequence, the receivable had been incorrectly accounted for as an expense instead of loan receivable due from PKCT in accordance with the contractual facilities agreement.

The error has been corrected by restating each of the affected accounts for the prior periods as summarised below.

	As at 31 March 2016	Increase/ (Decrease)	As at 31 March 2016	As at 31 March 2017	Increase/ (Decrease)	As at 31 March 2017 Restated
Statement of financial position (extract)						
Deposits and other assets (current) – note 13	3,842	(3,842)	-	6,704	(6,704)	-
Deposits and other assets (non-current) – note 18	393	9,456	9,849	393	14,024	14,417
Net assets	(8,850)	5,614	(3,236)	(7,447)	7,320	(127)
Accumulated losses	(916,200)	5,614	(910,586)	(922,866)	7,320	(915,546)
Total equity	(8,850)	5,614	(3,236)	(7,447)	7,320	(127)

	Year ended 31 March 2016	Increase/ (Decrease)	Year ended 31 March 2016	Year ended 31 March 2017	Increase/ (Decrease)	Year ended 31 March 2017
Statement of profit or loss and other comprehensive income (extract)						
Other Expenses	(2,715)	679	(2,036)	(26,343)	1,706	(24,637)
Loss before income tax benefit	(181,934)	679	(181,255)	(7,217)	1,706	(5,511)
Income tax benefit	-	-	-	-	-	-
Loss after income tax benefit	(181,934)	679	(181,255)	(7,217)	1,706	(5,511)

Note 6. Operating segments

Identification of reportable operating segments
The consolidated entity operates in one segment being the coal mining, coal preparation and export of coal. This is based on the internal reports that are reviewed and used by the Board of Directors and the Management Committee (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Management Committee comprises of:

- Chief Executive Officer (Chair)
- Chief Financial Officer
- Operations Manager
- Technical Assistant to Chief Executive Officer
- Head of Human Resources and Administration
- Company Secretary

The consolidated entity operates predominately in one geographical region being Australia.

The information reported to the CODM is on at least a monthly basis.

The CODM reviews adjusted EBITDA (earnings before interest, tax, depreciation and amortisation adjusted for impairment of assets, share-based payment, exchange losses and loss of disposal of assets) to make decisions. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Segment assets and liabilities
Assets and liabilities are managed on a consolidated basis. The CODM does not regularly review any asset or liability information by segment and, accordingly there is no separate segment information. Refer to the statement of financial position for consolidated assets and liabilities.

Major customers
During the financial year ended 31 March 2018 none of the consolidated entity's revenue was derived from sales to Jindal Steel & Power Limited (India), the ultimate parent entity (2017: 0%).

The following table summarises key reconciling items between statutory loss after tax attributable to the shareholders of Wollongong Coal Limited and adjusted EBITDA:

Consolidated - 2018	Intersegment eliminations/ unallocated $'000	Total $'000
Adjusted EBITDA	(17,611)	(17,611)
Depreciation		(20,466)
Amortisation		(9,941)
Finance costs		(20,857)
impairment on non-current assets		(2,275)
Impairment of available-for-sale assets		(135)
Exchange loss		(2,768)
Share-based payments		(127)
Interest revenue		297
Loss before income tax expense		(73,883)
Income tax expense		-
Loss after income tax expense		(73,883)

Note 6. Operating segments (continued)

Consolidated - 2017	Intersegment eliminations/ unallocated $'000	Total $'000
Adjusted EBITDA	2,752	2,752
Depreciation		(22,053)
Amortisation		(6,065)
Finance costs		(23,148)
Reversal of impairment on non-current assets		50,281
Impairment of available-for-sale assets		(1,515)
Impairment of stores and consumables assets		(295)
Exchange loss		(4,204)
Share-based payments		(1,598)
Interest revenue		334
Loss before income tax expense		(5,511)
Income tax expense		-
Loss after income tax expense		(5,511)

Note 7. Revenue

	Consolidated 2018 $'000	Consolidated 2017 $'000
Sales revenue		
Export coal sales	27,049	35,820
Other revenue		
Rent	12	14
Interest	297	334
	309	348
Revenue	27,358	36,168

Note 8. Other income

	Consolidated 2018 $'000	Consolidated 2017 $'000
Other revenue	912	1
Gain on disposal of property, plant and equipment	758	-
	1,670	1

Note 9. Expenses

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Loss before income tax includes the following specific expenses:		
Depreciation		
Building	118	95
Plant and equipment	20,348	21,958
Total depreciation	20,466	22,053
Amortisation		
Mine development	9,941	5,684
Deferred restoration cost	-	381
Total amortisation	9,941	6,065
Total depreciation and amortisation	30,407	28,118
Impairment/ (Reversal) on non-current assets		
Mine development (note 17)	1,017	(44,770)
Mine lease (note 17)	1,258	(5,511)
Total reversal of impairment on assets	2,275	(50,281)
Impairment on available-for-sale assets		
Net impairment of available for sale financial assets	135	1,515
Net foreign exchange loss / (gain)		
Net foreign exchange loss /(gain) unrealised	(486)	2,988
Net foreign exchange loss/(gain) realised	3,254	1,216
Net foreign exchange loss	2,768	4,204
Finance costs		
Interest and finance charges paid/payable	20,857	23,148
Superannuation expense		
Defined contribution superannuation expense	1,800	3,039

Net foreign exchange losses primarily relate to exchange fluctuations arising on the US $ denominated bank loans.

Note 10. Income tax expense

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(73,883)	(5,511)
Tax at the statutory tax rate of 30%	(22,165)	(1,653)
Tax effect – non-deducible items	2,838	4,380
Tax losses and temporary differences not recognised / utilised	19,327	(2,727)
Income tax expense	-	-

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	537,680	535,568
Potential tax benefit @ 30%	161,304	160,671

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the same business test is passed and the consolidated entity is generating sufficient taxable income.

No net deferred tax asset has been recognised on the basis that utilisation of tax losses is not currently considered probable.

Note 11. Current assets - cash and cash equivalents

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Cash at bank and on hand*	1,006	184
Cash on deposit*	4,755	6,544
	5,761	6,728

* Includes $4,755,000 (2017: $5,862,000) restricted cash balance held and maintained for debt service coverage.

Note 12. Current assets - trade and other receivables

	Consolidated 2018 $'000	Consolidated 2017 $'000
Trade receivables	481	450
Less: Provision for impairment of receivables	-	-
	481	450
Other receivables	-	716
	481	1,166

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

Note 13. Prepayments

	Consolidated 2018 $'000	Consolidated 2017 $'000
Advance to suppliers	2,767	3,289
Other prepayments	595	142
	3,362	3,431

Note 14. Current assets - inventories

	Consolidated 2018 $'000	Consolidated 2017 $'000
Stores and consumables - at cost	3,528	3,617
ROM coal stock - at cost	8,933	2,901
ROM coal stock - at net realisable value	-	70
Less: Provision for impairment	(415)	(415)
	8,518	2,556
	12,046	6,173

Note 15. Current assets - assets held for sale

	Consolidated 2018 $'000	Consolidated 2017 $'000
Assets held for sale	11,913	151

In March and October 2017, the directors of the company decided to sell a parcel of freehold land at Wongawilli following the residential rezoning made by the NSW Department of Planning and Infrastructure. The sale is expected to be completed by June 2018 subject to development approval by the local council.

Note 16. Non-current assets - available-for-sale financial assets

	Consolidated	
	2018	2017
	$'000	$'000
Shree Minerals Limited	180	390
Port Kembla Coal Terminal	120	120
	300	510

Note 17. Non-current assets - property, plant and equipment

	Consolidated	
	2018	2017
	$'000	$'000
Land and buildings - at cost	35,588	46,398
Less: Accumulated depreciation	(1,177)	(1,058)
	34,411	45,340
Plant and equipment - at cost	251,987	267,393
Less: Accumulated depreciation	(141,848)	(134,789)
	110,139	132,604
Mine development- at cost	771,407	747,405
Less: Accumulated depreciation	(118,723)	(108,867)
Less: Accumulated impairment	(145,426)	(144,409)
	507,258	494,129
Mining leases - at cost and valuation	387,276	387,276
Less: Accumulated depreciation	(995)	(995)
Less: Accumulated impairment	(262,448)	(261,190)
	123,833	125,091
	775,641	797,164

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $'000	Plant and equipment $'000	Mine development $'000	Mining leases $'000	Total $'000
Balance at 31 March 2016	45,578	158,425	412,789	119,580	736,372
Additions*	8	744	38,028	-	38,780
Reclassification	-	(4,607)	4,607	-	-
Transfer to assets held for sale (note 15)	(151)	-	-	-	(151)
Reverse impairment of assets	-	-	44,770	5,511	50,281
Depreciation expense	(95)	(21,958)	(6,065)	-	(28,118)
Balance at 31 March 2017	45,340	132,604	494,129	125,091	797,164
Additions*	951	974	24,001	-	25,926
Disposals	-	(3,005)	-	-	(3,005)
Transfer to assets held for sale (note 15)	(11,762)	-	-	-	(11,762)
Impairment of assets	-	-	(1,017)	(1,258)	(2,275)
Depreciation expense	(118)	(20,434)	(9,855)	-	(30,407)
Balance at 31 March 2018	34,411	110,139	507,258	123,833	775,641

* Included in this balance is $13,471,000 (2017: $19,812,000) in capitalised interest on the bank borrowing facilities.

Cash Generating Unit ('CGU') allocation and impairment testing
The consolidated entity has three CGUs - Russell Vale Colliery and Wongawilli Colliery.

The carrying values of property plant and equipment allocated to the CGUs is as follows:

- Russell Vale Colliery $390,509,000
- Wongawilli Colliery $385,110,000
-

Recoverable amounts of the CGUs are based on fair value less cost of disposal. An independent valuation was carried out as at 31 March 2018. Their valuation was based on several assumptions including but not limited to:

- Discount rate (based on Weighted Average Cost of Capital (‘WACC’) of 9.5% (2017: 9.5%);
- Long-term coking coal prices of US$121 (2017: US$55 - $117);
- Long-term exchange rate of US$1.00: AUD$0.75 (2017 US$1.00: AUD$0.75);
- Life of each mine over 35 years (2017: 25 years);
- Obtaining relevant mining permits as required, without undue delay; and
- Cost of disposal assumed at 1% (2017: 1%).

In accordance with AASB 13 'Fair Value Measurement', fair value should take into account a market participant's ability to generate economic benefits by using the non-financial asset in its highest and best use. As it is physically possible, legally permissible and financially feasible to build a local wash plant, this has been factored into the valuation. The advantages of a local wash plant include additional returns from higher yields, transport cost savings, returns on sales of thermal coal, potential mining flexibility to take some higher ash sections and increase resource recovery, and the mitigation of contract risk, as the product could be sold on the open market rather than just selling unwashed ROM coal to a limited market.

Sensitivity
As the CGU's have been either written up or written down to recoverable amount, any change in the key assumptions on which the valuations were based would impact the carrying value of the Russell Vale and Wongawilli Collieries.

Note 18. Non-current assets - deposits

	Consolidated	
	2018	2017*
	$'000	$'000
Russell Vale Colliery Trust Funds	425	393
Security deposits	2,205	2,207
Amounts advanced to PKCT under subordinated facility	9,048	7,321
Amounts advanced to PKCT under senior facility	5,923	4,496
	17,601	14,417

The security deposit is a cash deposit with the Department of Trade and Investment in respect of a rehabilitation obligation relating to Russell Vale Colliery.

*See note 5 for details in relation to restatement.

Note 19. Current liabilities - trade and other payables

	Consolidated	
	2018	2017
	$'000	$'000
Trade payables	53,962	7,275
Accruals	19,479	19,337
Other payables	6,841	7,050
	80,282	33,662

Note 20. Current liabilities - borrowings

	Consolidated	
	2018	2017
	$'000	$'000
Bank loans (secured)	23,429	28,843
JSPAL term loan (secured)	555,912	534,641
JSPML working capital loan (unsecured)	201,861	194,245
	781,202	757,729

Refer to note 26 for further information on financial instruments.

The consolidated entity has classified all bank borrowings as current in accordance with AASB 101 'Presentation of Financial Statements', due to financial covenants breaches.

Total secured liabilities
The total secured current liabilities are as follows:

	Consolidated	
	2018	2017
	$'000	$'000
Bank loans	23,429	28,843
JSPAL term loan	555,912	534,641
	579,341	563,484

Note 20. Current liabilities - borrowings (continued)

The loan of $579,341,000 (Previous Year $563,484,000) bearing effective rate of interest 4.97% p.a. is secured by First ranking pari-passu charge on the present and future fixed assets of the Wollongong coal and Wongawilli Coal Pty Ltd ("Wongawilli"). Pari-passu assignment of lease deed of the mines of the Company and Wongawilli; Debt service reserve account maintained by the company; Negative lien over 100% of the company's shareholding in Oceania Coal Resources NL ('OCR'); Negative lien over 100% of OCR's shareholding in Wongawilli; and First ranking pari-passu assignment of insurance policies related to fixed and current assets of the company, charged to the bank.

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the consolidated entity's land and buildings.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2018 $'000	2017 $'000
Total facilities		
Bank loans	27,182	30,705
JSPAL term loan facility*	821,918	824,176
JSPML cash advanced facility**	200,000	200,000
Bank guarantee facility	56,100	56,100
	1,105,200	1,110,981
Used at the reporting date		
Bank loans	27,182	30,705
JSPAL term loan facility*	515,364	506,133
JSPML cash advanced facility**	178,656	177,630
Bank guarantee facility	46,363	46,191
	767,565	760,659
Unused at the reporting date		
JSPAL term loan facility*	306,554	318,043
JSPML cash advanced facility**	21,344	22,370
Bank guarantee facility	9,737	9,909
	337,635	350,322

*JSPAL – Jindal Steel and Power (Australia) Pty Limited, is an associated company.
**JSPML – Jindal Steel & Power (Mauritius) Limited, is the immediate parent company.

On 6 August 2015, the consolidated entity entered into a US$630 million facility with JSPAL. As at 31 March 2018 US$395 million has been disbursed to the consolidated entity through JSPAL. Funds were used to repay existing loans. The repayment of the loan facility is to be in 26 unequal quarterly instalments starting from 30 June 2018. The interest rate is the market rate at the date the agreement was entered into plus LIBOR.

To continue to assist the consolidated entity with its cash flow, the intermediate parent entity JSPML has provided its $200 million cash advance facility in 2018. This facility has also been renewed until 30 September 2019. The amount withdrawn is repayable at the end of the facility term or on demand.

The unused facility is subject to meeting strict conditions and further funding is subject to meeting these conditions.

Note 21. Current liabilities - provisions

	Consolidated	
	2018 $'000	2017 $'000
Provision for employee entitlement	3,667	3,366

Note 22. Non-current liabilities - provisions

	Consolidated	
	2018 $'000	2017 $'000
Mine restoration	42,241	35,110

Mine restoration
The provision represents the present value of estimated costs required to rehabilitate and restore disturbed areas of land to their original condition (for Russell Vale Colliery and Wongawilly Colliery) in accordance with their environmental and legal obligations. The calculation is based on a third-party estimate of costs at present value, discounted at 3.07% (2017: 3.07% - 4%). These estimates are regularly reviewed.

Movements in provisions

Movements in each class of provisions during the current year, other than employee benefits is set out below:

Consolidated - 2018	Mine Restoration $'000
Carrying value at beginning of the year	35,110
Increase in provisions	7,131
Carrying value at the end of the year	42,241

Note 23. Equity - issued capital

	Consolidated			
	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Ordinary shares - fully paid	9,366,977,256	9,366,977,256	913,690	913,690

Movements in ordinary share capital

There is no movement in ordinary share capital.

Details	Date	Shares	Issue price	$'000
Balance	1 April 2016	7,914,639,844		905,107
Issue of ordinary shares on conversion of bonds	5 May 2016	1,452,337,412	$0.00591	8,583
Balance	31 March 2017	9,366,977,256		913,690
Balance	31 March 2018	9,366,977,256		913,690

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 23. Equity – issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial half-year.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders (refer to dividend policy below), return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. The consolidated entity breached its covenants during the financial year and all bank loans have therefore been classified as current liabilities.

Note 24. Equity - reserves

	Consolidated	
	2018 $'000	2017 $'000
Available-for-sale reserve	-	75
Share Buyback	(6,300)	-
Share-based payments reserve	1,752	1,654
	(4,548)	1,729

Available-for-sale reserve
The reserve comprises changes in the fair value of available-for-sale investments.

Share buyback
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.

Share-based payments reserve
The reserve is used to recognise the fair value of options issued to employees under the Employee Share Option Scheme.

Note 24. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Available-for-sale $'000	Share-based payments $'000	Share Buyback $'000	Total $'000
Balance at 31 March 2016	(1,560)	3,803	-	2,243
Revaluation - net of tax	120	-	-	120
Reclassify for impairment of available-for-sale financial asset	1,515		-	1,515
Transfers from share-based payment		(551)	-	(551)
Transfers out of share-based payment	-	(1,598)	-	(1,598)
Balance at 31 March 2017	75	1,654	-	1,729
Revaluation - net of tax	(210)	-	-	(210)
Reclassify for impairment of available-for-sale financial asset	135	-	-	135
Share buyback reserve		-	(6,300)	(6,300)
Share-based payments	-	98	-	98
Balance at 31 March 2018	-	1,752	(6,300)	(4,548)

Note 25. Equity - accumulated losses

	Consolidated 2018 $'000	Consolidated 2017* $'000
Accumulated losses at the beginning of the financial year	(915,546)	(910,586)
Loss after income tax expense for the year	(73,883)	(5,511)
Transfer from share-based payments reserve	-	551
Accumulated losses at the end of the financial year	(989,429)	(915,546)

* See note 5 for details in relation to restatement

Note 26. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 26. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
US dollars	601	536	576,763	427,293

The consolidated entity had net liabilities denominated in foreign currencies of $576,162,000 (assets $601,000 less liabilities $576,763,000) as at 31 March 2018 (2017: $426,757,000 (assets $536,000 less liabilities $427,293,000). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2017: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $68,334,000 lower/higher (2017: $50,754,000 lower/higher) and equity would have been $$68,334,000 lower/higher (2017: $50,754,000 lower/higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 3 months each year and the spot rate at each reporting date. The actual net foreign exchange loss for the year ended 31 March 2018 was $2,768,000 (2017: net loss of $4,204,000).

Price risk
The consolidated entity is exposed to coal price risk. The consolidated entity has not entered into any hedging contracts and the policy is to sell coal at market price to international buyers. The consolidated entity's revenues and profits are exposed to fluctuations in the price of coal. If the average selling price of coal increased/decreased by 5% (2017: increased/decreased by 5%) with all other factors remaining the same, the revenue and profit would have increased/decreased by $1,351,000 (2017: increased/decreased by $2,053,000).

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings.

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

	2018		2017	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank loans and working facilities	4.58%	781,202	4.51%	757,729
Net exposure to cash flow interest rate risk		781,202		757,729

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the consolidated entity the bank loans and working capital facility outstanding, totalling $781,202,000 (2017: $757,729,000), are principal and interest. Monthly cash outlays of approximately $2,750,000 (2017: $2,891,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 1% basis points would have an adverse/favourable effect on profit before tax of $7,212,000 (2017: $7,690,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst’s forecasts. In addition, minimum principal repayments of $50,462,000 (2017: US$31,181,000) are due during the year ending 31 March 2019.

Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Note 26. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2018 $'000	2017 $'000
JSPAL term loan facility	306,554	318,043
JSPML cash advanced facility	21,344	22,370
Bank guarantee facility	9,737	9,909
	337,635	350,322

Note 26. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2018	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	53,962	-	-	-	53,962
Other payables	-%	6,843	-	-	-	6,843
Interest-bearing - variable						
Bank loans	5.0%	23,429	-	-	-	23,429
JSPAL term loan	4.9%	555,912	-	-	-	555,912
JSPML working capital facility	3.7%	201,861	-	-	-	201,861
Total non-derivatives		842,007	-	-	-	842,007

Consolidated - 2017	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	7,275	-	-	-	7,275
Other payables	-%	7,050	-	-	-	7,050
Interest-bearing - variable						
Bank loans	7.1%	28,843	-	-	-	28,843
JSPAL term loan	4.2%	534,641	-	-	-	534,641
JSPML working capital facility	5.0%	194,245	-	-	-	194,245
Total non-derivatives		772,054	-	-	-	772,054

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 27. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets: Listed equity securities	180	-	-	180
Available-for-sale financial assets: Unlisted equity securities	-	-	120	120
Total assets	180	-	120	300

Consolidated - 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets: Listed equity securities	390	-	-	390
Available-for-sale financial assets: Unlisted equity securities	-	-	120	120
Total assets	390	-	120	510

There were no transfers between levels during the financial year.

The fair value of the consolidated entity’s investment in unlisted shares is classified under level 3 in the fair value measurement hierarchy. The consolidated entity’s holding in unlisted shares is minor and any reasonably possible change in assumptions would not have a material impact on the consolidated entity’s financial statements.

The carrying values of the financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed in note 3.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

During the year, the consolidated entity held equity shares as available for sale financial instruments classified as level 3 within the fair value hierarchy. There was no movement in the balances during the current and previous financial years.

Note 28. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018	**2017**
	$	**$**
Short-term employee benefits	1,237,364	1,374,062
Post-employment benefits	92,708	102,329
Long-term benefits	26,952	29,736
Termination benefits	24,334	532,660
	1,381,358	2,038,427

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	Consolidated	
	2018	**2017**
	$	**$**
Audit services – Hall Chadwick		
Audit or review of the financial statements	155,000	140,000
	155,000	140,000
Other services - Ernst & Young		
Taxation services	-	39,000
Other services – Hall Chadwick		
Taxation services	77,384	8,173
	77,384	47,173
	232,384	187,173

Note 30. Contingent liabilities

As part of mining lease holdings, the Company is required to provide and maintain adequate security with the Department of Trade and Investment (DTI) for its rehabilitation obligations. The Company has provided a security of $5,657,000 by way of a bank guarantee and the balance of $1,859,000 as a cash deposit (i.e. $7,516,000 in total) for its Russell Vale mine. The Company has also provided a security of $40,010,000 by way of a bank guarantee for its Wongawilli mine.

The Company is one of the shareholders and users of Port Kembla Coal Terminal (PKCT). It is required to either pay site rectification charges in the form of a site rectification levy incorporated in the coal loading charges or to provide a bank guarantee for an amount based on actual tonnages in previous years and tonnages estimated for the upcoming financial year.

The Company is defending an indemnity/restitution claim based on implied terms for approximately $20.45 million for damages and indemnity from Gujarat NRE India Pty Ltd. These claims include AUD$6.57 million relating to alleged unpaid loan for which GNIPL issued a statutory demand, which was later set aside by the Court. The matter has been part-heard and adjourned in March and September 2017 and listed for hearing for two weeks commencing from 28 May 2018.

PCL Shipping commenced arbitral proceedings in Singapore against the Company relating to freight alleged to be owed for a shipment which occurred in August 2013. The Company commenced proceedings in the Supreme Court of NSW seeking, amongst other things, declarations that there is no enforceable agreement between WCL and PCL. By agreement the arbitration in Singapore has been discontinued. The proceedings are now to be heard in the Supreme Court of the NSW.

Note 30. Contingent liabilities (continued)

PCL has cross claimed against WCL in those proceedings for US $3.2m (plus interest plus costs) and other amounts relating to the arbitration. The hearing date is yet to be fixed.

Wollongong City Council (WCC) is alleging that pursuant to the Development Consent of the Russell Vale Colliery Emplacement Area, the Company is required to provide and maintain a security of $405,000 for the financial year (2017-18) in favour of WCC. This security amount increases by $15,000 every year. The matter remains under review by legal advisors of the Company and WCC due to a dispute over such a requirement.

The consolidated entity has received claims for payment in total for $4,048,000 that is in dispute. Further, the consolidated entity has given notice of claims for a larger amount, which the consolidated entity considers should be offset against the claims made against it. The consolidated entity is continuing to seek legal advice in relation to these matters. Due to legal and commercial sensitivity, no further information could be disclosed at the time of this report.

Contingent liabilities from previous year - been settled

- The Company's obligation to withhold and remit withholding tax on interest payments made to non-residents between 1 April 2010 and 31 March 2014 has recently been reviewed and audited by the Australian Taxation Office (ATO). As per the Finalisation of Audit Letter dated 20 September 2017, the ATO considers that the Company should have deducted and remitted withholding tax totalling $3,914,000 on interest paid to non-residents on certain loans, in circumstances where no withholding tax was actually deducted by the Company. Following the finalisation of the audit, the ATO issued a penalty notice to the Company in the amount of $3,914,000 payable to the ATO. The Company lodged an objection against this penalty notice to the extent of $2,089,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

  Following the above assessment from the ATO, the Company voluntarily disclosed interest payments to non-residents post 1 April 2014 period resulting ATO issuing a penalty notice to the Company in the amount of $3,948,000. The Company is lodging an objection against this penalty notice to the extent of $1,986,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

  The Company has received favourable decision for both the objections.

- On 16 November 2017, the Supreme Court of New South Wales gave judgment in favour of NRE Resources Pty Ltd against the Company for $2,554,000. The amount has been paid in full.

- Wongawilli Coal has now settled its dispute with ATF Mining Electrics Pty Ltd trading as AMP Control over alleged damages exceeding AU$742,000 for repudiation of an alleged contract. As per the settlement, Wongawilli Coal has paid the entire settlement amount of $255,000.

- Wongawilli Coal has now settled its dispute with Pacific National (NSW) Pty Ltd over alleged loss under an indemnity exceeding AU$354,000. The matter is now settled and Wongawilli Coal has paid the entire settlement amount of $75,000.

Note 31. Commitments

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Capital expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,299	1,505
One to five years	33	1,016
	1,332	2,521

Note 32. Related party transactions

Parent entity
Wollongong Coal Limited is the parent entity in Australia. The intermediate parent entity is Jindal Steel & Power (Mauritius) Limited ('JSPML'), a company registered in Mauritius. The ultimate parent entity is Jindal Steel & Power Limited ('JSPL'), a company registered in India.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel remuneration are set out in note 28 and the remuneration report in the directors' report.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2018 $'000	2017 $'000
Current payables:		
Net payables to intermediate parent entity JSPML*	201,861	194,245
Net payable to associated company JSPAL**	555,912	534,640

* The net payables to the immediate parent JSPML represents funds received of $178,656,000 (2017: $177,630,000) against the cash advance facility, accrued interest of $23,205,000 (2017: $16,615,000).

** The net payables to associated company JSPAL represents funds received of $537,368,000 against the US$630 million facility and accrued interest of $18,544,000 thereon as at 31 March 2018.

Loans to/from related parties
Related party loans are included in the net receivables/payable above.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018 $'000	2017 $'000
Loss after income tax	(76,524)	(114,395)
Total comprehensive income	(76,524)	(114,395)

Note 33. Parent entity information (continued)

Statement of financial position

	Parent 2018 $'000	Parent 2017 $'000
Total current assets	5,199	8,262
Total assets	530,974	753,620
Total current liabilities	651,245	786,897
Total liabilities	673,770	806,374
Equity		
Issued capital	913,690	913,690
Share-based payments reserve	(4,629)	1,573
Accumulated losses	(1,051,857)	(968,017)
Total equity	(142,796)	(52,754)

Contingent liabilities
Refer to note 30 for details of parent entity contingent liabilities and guarantees.

Capital commitments - Property, plant and equipment
The parent entity had capital commitments for property, plant and equipment at the reporting date as follows:

	Parent 2018 $'000	Parent 2017 $'000
Committed at the reporting date but not recognised as liabilities, payable:		
Longwall and other equipment for mine development and production	984	2,136

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 3, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Oceanic Coal Resources NL	Australia	100.00%	100.00%
Wongawilli Coal Pty. Ltd	Australia	100.00%	100.00%
Southbulli Holdings Pty Ltd	Australia	100.00%	100.00%
Enviro Waste Gas Services Pty Ltd	Australia	100.00%	100.00%

Note 35. Events after the reporting period

WLC has offered an enforceable undertaking to address the concerns of the DPE in relation to the payment of authorisation fees for the next five years. The enforceable undertaking relates to the court attendance notices for failure to pay authorisation fees issued by the Department on 8 March 2018, and the convictions recorded against WLC on 8 November 2017, which are currently on appeal to the District Court.

In summary, the joint Wollongong Coal Limited and Wongawilli Coal Pty Ltd undertaking proposes to;

a. Engage an independent person to conduct a review of Wollongong Coal Limited and Wongawilli Coal Pty Ltd systems and processes for meeting their obligations and payments required under the Mining Act;
b. Provide a report on recommendations and actions of the systems review to the Regulator;
c. Conduct an independent review and audit of the financial capacity of Wollongong Coal Limited and Wongawilli Coal Pty Ltd;
d. Provide an audit report setting out the review findings and recommendations to the Regulator;
e. Provide refresher training to all relevant Wollongong Coal Limited and Wongawilli Coal Pty Ltd administrative staff concerning compliance obligations under the Mining Act;
f. Pay the authorisation fees for 2018 within one month of acceptance of the undertaking;
g. Pay the fees for 2019 to 2022 for each Authorisation 12 months in advance of each due date;
h. Provide two bank guarantees each of $150,000 ($300,000 in total) as an assurance of the future payment of authorisation fees;
i. Pay an additional penalty of 15% of the payment due if any payments are made between 1 and 30 days late;
j. Pay an annual donation of $5,000 each ($10,000 total) to a local charity or community group by 30 June each year until 1 January 2023;
k. Pay the Regulator's investigation and legal costs of $24,350;
l. Lease Wollongong Coal Limited property to Little School Preschool Inc for $1 per annum (reduced from $26,000 per annum) for at least until 1 January 2023;
m. Withdraw Wollongong Coal Limited and Wongawilli Coal Pty Ltd appeals in the District Court upon acceptance of the undertaking; and
n. Report to the Regulator on the progress of the undertaking.

The Secretary of the Department of Planning and Environment has accepted the terms of the undertaking and has confirmed it will not take further action in relation to the 'show cause' notice. In accordance with terms of the undertaking, WCL and WWC will discontinue their appeal to the District Court. Under section 378ZFH of the Mining Act 1992, the Secretary must take all reasonable steps necessary to have the 8 March 2018 court attendance notices withdrawn and proceedings discontinued as soon as possible.

Note 36. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2018 $'000	Consolidated 2017 $'000
Loss after income tax expense for the year	(73,883)	(5,511)
Adjustments for:		
Depreciation and amortisation	30,407	28,118
Impairment of non-current assets	2,275	(50,281)
Impairment of available-for-sale financial assets	210	1,515
Impairment of stores and consumable assets	295	295
Share-based payments	98	(1,598)
Gain on Sale of plant and equipment	(785)	-
Foreign exchange differences	-	33,547
Finance costs – non-cash	(1,674)	(18,823)
Change in operating assets and liabilities:		
(Increase)/ decrease in trade and other receivables	754	(2,733)
Increase in inventories	(6,168)	963
Increase/ (decrease) in trade and other payables	46,620	3,777
Increase/ (decrease) in other provisions	7,432	8,600
Increase in deposits	(7,714)	(1,706)
Net cash used in operating activities	(2,133)	(3,837)

Note 37. Earnings per share

	Consolidated 2018 $'000	Consolidated 2017 $'000
Loss after income tax attributable to the owners of Wollongong Coal Limited	(73,883)	(5,511)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	9,366,977,256	9,231,691,031
Weighted average number of ordinary shares used in calculating diluted earnings per share	9,366,977,256	9,231,691,031

	Cents	Cents
Basic earnings per share	(0.79)	(0.06)
Diluted earnings per share	(0.79)	(0.06)

Note 38. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Share-based payment expensed and included in corporate and general expenses in profit or loss during the year are as follows:

- $29,000 share-based payments expensed on options issued to employees and directors.

Set out below are summaries of options outstanding granted under the plan:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
05/02/2009	31/12/2017	$0.50	400,000	-	-	(400,000)	-
05/02/2009	31/12/2018	$0.50	400,000	-	-	-	400,000
05/02/2009	31/12/2019	$0.50	400,000	-	-	-	400,000
05/02/2009	31/12/2020	$0.50	400,000	-	-	-	400,000
03/02/2010	31/12/2017	$0.65	120,000	-	-	(120,000)	-
03/02/2010	31/12/2018	$0.65	120,000	-	-	-	120,000
03/02/2010	31/12/2019	$0.65	120,000	-	-	-	120,000
03/02/2010	31/12/2020	$0.65	120,000	-	-	-	120,000
29/12/2010	31/12/2017	$0.65	280,000	-	-	(280,000)	-
29/12/2010	31/12/2018	$0.65	280,000	-	-	-	280,000
29/12/2010	31/12/2019	$0.65	280,000	-	-	-	280,000
29/12/2010	31/12/2020	$0.65	280,000	-	-	-	280,000
			3,200,000	-	-	(800,000)	2,400,000
Weighted average exercise price			$0.58	$0.00	$0.00	$0.58	$0.58

Notes:

• Volume weighted average remaining contractual life of employees' options is 1.75 years (2017: 2.25 years)
• The above employees' options were granted to permanent employees of the company
• Each option exercised will be converted into one fully paid ordinary share of the company
• The options were granted to employees at no consideration
• The employee needs to remain in continuous employment (up to vesting date) with the company in order to vest the options.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 March 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Milind K Oza
Chairman

June 15, 2018
Corrimal, NSW

WOLLONGONG COAL LIMITED
ABN 28 111 244 896
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WOLLONGONG COAL LIMITED
AND ITS CONTROLLED ENTITITES

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Report on the Financial Report

Opinion

We have audited the accompanying financial report Wollongong Coal Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of Wollongong Coal Limited is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the Group's financial position as at 31 March 2018 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the *Corporations Regulations* 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's responsibility* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial report, which indicates that the group incurred a net loss of $73,883,000 during the year ended 31 March 2018, and as of that date, the group's current liabilities exceeded its current assets by $831,588,000. As stated in Note 2, these events or conditions, along with other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 31 March 2018. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Carrying value of non-current assets *Refer to Note 17 Property, plant and equipment and Note 4 Critical accounting judgements, estimates and assumptions*	
94% of the group's total assets relate to tangible and intangible assets which are subject to an impairment assessment in accordance with AASB 136 Impairment of Assets. These assets include property, plant and equipment and capitalised mine properties totalling $775,641,000 as at 31 March 2018. The group engaged an independent valuer to undertake a valuation in relation to these non-current assets. As a result management concluded a net impairment charge of $2,275,000 be recognised. The group's impairment assessment of these non-current assets are considered a key audit matter as the valuation is judgemental and based on a number of assumptions, specifically coal prices, operating/capital costs, discount rates, inflation rates and foreign exchange rates, which are	Our procedures included, amongst others: • We assessed management's determination of the Group's Cash-Generating Units ("CGUs"); • We examined the independent valuation report obtained by the group to determine if valuations supported the asset carrying values. • We assessed the competency of the valuer which included considering their experience and qualifications in assessing similar types of assets. • We involved Hall Chadwick's valuation experts to: – review the methodologies adopted by the independent valuer; – evaluate the key valuation assumptions and estimates to determine the recoverable amount of the non-current assets; – review the mathematical accuracy of

<table>
<tr><td>affected by future events and economic conditions.</td><td>cash flow model and agree relevant data to supporting information;
• We assessed the adequacy of group's disclosures in relation to the carrying value of non-current assets.</td></tr>
<tr><td colspan="2">External financing arrangements
Refer to Note 20 Borrowings</td></tr>
<tr><td>The group has secured syndicated loans amounting to $579,341,000. The group has to comply with covenants to continue to present the loan liabilities as non-current liabilities.

The group's ability to service its financing arrangements and comply with covenants may impact on the presentation of the financial statements on a going concern basis.

As disclosed in Note 2, the borrowings have been classified as current due to covenant breaches as at 31 March 2018.

We focused on this area as key audit matter due to the covenant breaches identified.</td><td>Our procedures included, amongst others:
• We re-calculated the compliance testing prepared by management of the banking covenants.
• We assessed the plans that management has in place to maintain compliance with the financing arrangement covenants in future periods.</td></tr>
<tr><td colspan="2">Mine closure and restoration provision estimates
Refer to Note 22 Provisions and Note 4 Critical accounting judgements, estimates and assumptions</td></tr>
<tr><td>The group had a mine restoration provision of $42,241,000 as at 31 March 2018 relating to the Russell Vale and Wongawilli mine sites.

The group reviews restoration obligations that have arisen annually, or as new information becomes available, including an assessment of the underlying assumptions used, effects of any changes, and the expected approach to restoration.

We focused on this area as a key audit matter as the calculation of this provision requires judgement in estimating the future costs, the timing as to when the future costs will be incurred and the determination of an appropriate rate to discount the future costs to their net present value.</td><td>Our procedures included, amongst others:
• We assessed the group's process for determining the restoration provision, and enquired about material movements in the provision during the year
• We evaluated the legal and/or constructive obligations with respect to the restoration for Russell Vale and Wongawilli mine sites, the intended method of restoration and the associated cost estimates.
• We examined the available external reports and assessed the competency of the external experts compiling the data that supported the provision assessment.
• We assessed the accuracy of the calculations and accounting treatment</td></tr>
</table>

	used to determine the restoration provision including the discount rate applied. • We assessed the adequacy of group's disclosures in relation to provisions.
Contingent liabilities *Refer to Note 30 Contingent liabilities and Note 4 Critical accounting judgements, estimates and assumptions*	
The group is a party to numerous ongoing litigation and legal matters, of which the most significant are disclosed in Note 30 to the financial statements. We focused on this area as a key audit matter due to a significant level of judgement and estimation involved in determining liabilities in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and further contingent liabilities arising.	Our procedures included, amongst others: • We held discussions with management and reviewed correspondence from the external legal advisors regarding the status of litigation matters. • We read the minutes of the Board of Directors and reviewed the related legal documents, settlement deeds and the latest correspondence with the claimants. • We assessed if the status of the claim meets the definition of a liability in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. • We assessed the adequacy of group's contingent liabilities disclosure.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 19 to 23 of the directors' report for the year ended 31 March 2018. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

HALL CHADWICK (NSW)

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Auditor's Opinion

In our opinion, the remuneration report of Wollongong Coal Limited, for the year ended 31 March 2018, complies with s 300A of the *Corporations Act 2001*.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

S Kumar

SANDEEP KUMAR
Partner
Dated: 15 June 2018

The shareholder information set out below was applicable as at 6 June 2018.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

Holdings Ranges	Number of holders of ordinary shares	Total number of ordinary shares	Number of holders of share options	Total number of share options
1-1,000	208	117,359	-	-
1,001-5,000	428	1,377,192	-	-
5,001-10,000	280	2,290,521	-	-
10,001-100,000	499	16,855,216	2	120,000
100,001and over	151	9,346,336,968	6	2,280,000
Totals	**1,566**	**9,366,977,256**	**8**	**2,400,000**

Number of shareholders holding less than marketable parcel – 1,381

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary Shares	
Holder Name	**Number held**	**% of total shares issued**
JINDAL STEEL & POWER (MAURITIUS) LIMITED	4,565,930,702	48.745%
BELLPAC PTY LIMITED	2,472,063,680	26.391%
JINDAL STEEL & POWER (MAURITIUS) LIMITED	1,090,313,872	11.640%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	700,836,506	7.482%
J P MORGAN NOMINEES AUSTRALIA LIMITED	267,213,502	2.853%
INVIA CUSTODIAN PTY LIMITED <BLACK A/C>	40,659,828	0.434%
SLICK SOLUTIONS PTY LTD <SLICK SUPER FUND A/C>	33,900,000	0.362%
BENGAL COAL PTY LTD	33,426,588	0.357%
GUJARAT NRE INDIA PTY LTD	20,000,000	0.214%
CITICORP NOMINEES PTY LIMITED	19,654,977	0.210%
HAPPY MINING PTY LTD	11,082,571	0.118%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	9,980,515	0.107%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,127,710	0.087%
MR KOK SAN LIM	5,466,396	0.058%
GIRDHARILAL JAGATRAMKA & TANVEE JAGATRAMKA & KAVITA JAGATRAMKA	5,206,000	0.056%
MS TANVEE JAGATRAMKA	5,195,566	0.055%
MR ANDREW CUMMINS & MR A RESNICK RECEIVERS APTDOVER GUJARAT NRE COKE LTD	3,449,759	0.037%
MRS MONA JAGATRAMKA	3,223,991	0.034%
C/- BRI FERRIER (NSW) PTY LTD	2,604,957	0.028%
MR ARUN KUMAR JAGATRAMKA & MRS MONA JAGATRAMKA	2,240,001	0.024%
	9,300,577,121	**99.291%**

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
JINDAL STEEL & POWER (MAURITIUS) LIMITED	5,656,244,574	60.385

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.