



Quarterly Report

October-December 2016



Wongawilli Colliery

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Table of Contents

Production and Sales	3
Russell Vale Colliery	3
Wongawilli Colliery	3
Health, Safety, Environment & Community	4
Health & Safety	4
Environment & Community	5
Corporate & Financial	7
Cash Advances Facility Agreement	7
US \$630 Foreign Currency Term Loan	7
Heads of Agreement with Bellpac	7
Capital Structure as on 31/01/2017	9
Board of Directors	9
For Further information	9
Business Address	9

Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WLC Totals	
	Jul - Sept 2016	Oct - Dec 2016	Jul - Sept 2016	Oct - Dec 2016	Jul - Sept 2016	Oct - Dec 2016
ROM Production	-	-	38,260	96,250	38,260	96,250
Saleable Production	-	-	38,260	96,250	38,260	96,250
Sales	139,244	2,181	-	122,085	139,244*	124,266

*9,235 tonnes were sourced from a third party.

Russell Vale Colliery

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

No production was completed during the quarter. 130,009 tonnes in last quarter (Jul – Sep 2016) and 2,181 tonnes of ROM coal sold in concerned quarter (Oct – Dec 2016) were from the stock at Russell Vale Colliery.

Wongawilli Colliery

Production at Wongawilli Colliery continued to ramp up in the Oct-Dec quarter with 94,869 tonnes produced during the quarter.

Following the commencement of extraction in N4, a series of improvement programs have been implemented to increase productivity including optimising roof bolt pattern design and conveyor operations improvements. This has resulted in a steady increase in productivity levels.

N3 panel development commenced in the previous quarter with the N3 conveyor installed and became operational in November 2016 that has improved productivity. It is anticipated that extraction will commence in the Jan-Mar quarter which is expected to allow achieving desired production level. Wongawilli is expected to reach annualised production levels of 800kt per annum once both mining panels are in extraction.

Health, Safety, Environment & Community

Health & Safety



Incidents that occurred during the quarter were:

Russell Vale Colliery

Two minor injuries were recorded in the Quarter at Russell Vale Colliery

- A Care and Maintenance manager whilst conducting a routine weekly inspection lost footing and injured their hip and knee.
- Whilst driving a LHD, another Care and Maintenance manager received a jarred back.

Wongawilli Colliery

During the quarter two minor injuries were recorded at the Wongawilli Colliery being operated by Delta SBD

- An operator developed an infected finger and was required to work light duties for several weeks.
- Another operator slipped and suffered a minor head injury whilst working on a conveyor repair.

Environment & Community



Russell Vale Colliery

There have been two incidents and one complaint received during the quarter. The two incidents and one complaint were related to turbid water being discharged offsite.

The 3 yearly Independent Environmental Audit was undertaken and a number of recommendations were submitted to the DPE by the Auditor. WCL has responded to those recommendations and commenced the works.

WCL continues to liaise with the Environment Protection Authority regarding clean and dirty water management on site.

A revised Care & Maintenance Mine Operations Plan (MOP) was submitted to the Department of Industry, Division of Resources and Energy (DRE) on 16 December 2016 pursuant to mine lease conditions. The MOP is currently under assessment by DRE.

The decision of the Land and Environment Court of NSW dismissing WCL's appeal challenging the validity of the second review by the Planning Assessment Commission was disappointing, especially when the Company's Underground Expansion Project (UEP) for Russell Vale colliery was recommended for approval by the NSW Department of Planning and Environment, subject to strict conditions and operational performances measures.

WCL continues to explore all other options including amending the UEP application to seek approval for Bord and Pillar (i.e. zero subsidence) mining plan for RVC (Wonga East) that can take care of community concerns over subsidence and areas of uncertainties identified in the PAC's report.

Wongawilli Colliery

There was one incident and no complaint received during the quarter. The incident was related to turbid water being discharged offsite.

The current Pt3A approval has been extended until 2020 to allow extraction of the remaining approved coal blocks in the Nebo and Elouera areas. Further subsidiary environmental approvals are being prepared to increase the areas for extraction in the FY2016-17 and beyond.

The 3 yearly Independent Environmental Audit was undertaken and a number of recommendations were submitted to the DPE by the Auditor. WCL has responded to those recommendations and has commenced the works.

Corporate & Financial

Cash Advances Facility Agreement

A short-term drawdown facility for cash advances (Facility) with a limit of Aus \$175 million from its major shareholder Jindal Steel & Power (Mauritius) Limited (JSPML) has been increased to Aus \$200 million.

To date, the Company has withdrawn around \$177.63million and not paid any interest.

The Company has also received US \$11.78 million from Jindal Steel and Power (Australia) Pty Ltd as a short term loan.

US \$630 Foreign Currency Term Loan

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

WCL has successfully restructured around US \$386.39 million loan and is at an advance stage of restructuring US \$20.84 million loan from MCB with remaining balance of US \$3 million expected to be restructured before the due date in FY18.

Heads of Agreement with Bellpac

WCL has entered into a binding heads of agreement (HoA) with Bellpac Pty Limited (receivers and managers appointed) (in liquidation) (Bellpac).

The HoA relates to the settlement of proceedings (No. 2016/120239) initiated by Bellpac in the Supreme Court of New South Wales alleging the conversion of 160 bonds with face value of \$50,000 each (plus accrued interest) was not within the terms and seeking those bonds redeemed or alternatively damages (both in the amount of \$8 million plus interest).

WCL issued 1,019,726,268 on 5 February 2016 and further 1,452,337,412 ordinary shares were issued on 5 May 2016 after obtaining shareholders' approval at the Extraordinary General Meeting held on 5 May 2016.

Key terms of the HoA (which are to be reflected in a formal deed of settlement and release) are as follows:

1. WCL is to pay Bellpac a settlement sum of \$6,300,000 (Settlement Sum) in return of Bellpac, Anthony John Warner and WCL providing a release in relation to all claims including all orders made as to costs in to the proceedings.
2. Bellpac is to return to WCL or its nominee 2,472,063,680 shares in WCL (Shares) or otherwise consent to the cancellation of the Shares on receipt of the Settlement Sum. The intention is that Bellpac will no longer hold shares in WCL as part of the settlement.
3. The Settlement Sum is to be paid on the latter of the conditions precedent set out in item 4 being satisfied and 28 days from the date the settlement deed is signed.
4. The conditions precedent to the settlement deed are:
 - a. Bellpac obtaining approval under s. 477(2A) of the Corporations Act 2001 (Cth) to enter into the proposed arrangement; and
 - b. WCL (at its cost) obtaining all necessary approvals to buy-back or cancel the Shares as the case may be.
5. The HoA is also conditional on the conditions precedent being satisfied by 13 February 2017.
6. Within 7 days of receipt of the Settlement Sum, Bellpac must file a notice of discontinuance, with the consent and co-operation of WCL, discontinuing the proceedings. This will include no order as to costs.

WCL is in process of seeking a court order pursuant to section 259A(c) of the Corporations Act 2001 (Cth) (Corporations Act) permitting WCL to acquire the shares held by Bellpac in WCL. If an order is made under section 259A(c) of the Corporations Act, these shares will be cancelled under the terms of section 257H(3) of the Corporations Act or upon a further order of the Court.

Capital Structure as on 31/01/2017

Shares on issue	9,366,977,256
Unlisted options	7,000,000

Board of Directors

Mr Milind K Oza –	CEO & director (appointed on 5 Dec 2016)
Mr Ashish Kumar –	Non-executive director
Dr Andrew Firek –	Non-executive director
Mr Maurice Anghie –	Non-executive director
Mr Azad Bhura –	Non-executive director (resigned on 5 Dec 2016)

For Further information

Contact: Mr Sanjay Sharma
Company Secretary
Phone: +61 (2) 42236830
Fax: + 61 (2) 4283 7449

Business Address

7 Princes Highway (Corner Bellambi Lane)
Corrimal, NSW 2518