

Wollongong Coal Limited
Appendix 4D
Half-year report

1. Company details

| | |
|-------------------|---|
| Name of entity: | Wollongong Coal Limited |
| ABN: | 28 111 244 896 |
| Reporting period: | For the half-year ended 30 September 2014 |
| Previous period: | For the half-year ended 30 September 2013 |

2. Results for announcement to the market

| | | | \$'000 |
|---|------|----------|----------|
| Revenues from ordinary activities | down | 79.7% to | 8,173 |
| Loss from ordinary activities after tax attributable to the owners of Wollongong Coal Limited | down | 15.6% to | (62,567) |
| Loss for the half-year attributable to the owners of Wollongong Coal Limited | down | 15.6% to | (62,567) |

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$62,567,000 (30 September 2013: \$74,116,000).

Further information on the review of operations is detailed in the Directors' report attached as part of the Interim Report.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | 8.33 | 10.74 |

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

Wollongong Coal Limited
Appendix 4D
Half-year report

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

| Name of associate / joint venture | Reporting entity's percentage holding | | Contribution to profit/(loss) (where material) | |
|---|---------------------------------------|-------------------|--|------------------------|
| | Reporting period % | Previous period % | Reporting period \$'000 | Previous period \$'000 |
| Cethana Project | 90.00% | 30.00% | - | - |
| <i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i> | | | | |
| Profit/(loss) from ordinary activities before income tax | | | - | - |
| Income tax on operating activities | | | - | - |

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

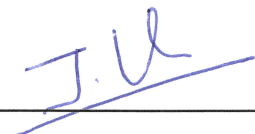
11. Attachments

Details of attachments (if any):

The Interim Report of Wollongong Coal Limited for the half-year ended 30 September 2014 is attached.

12. Signed

Signed



Jasbir Singh
Chairman
Corrimal, NSW

Date: 28 November 2014

Wollongong Coal Limited

ABN 28 111 244 896

Interim Report - 30 September 2014

Wollongong Coal Limited
Corporate directory
30 September 2014

| | |
|-----------------------------|--|
| Directors | Mr Jasbir Singh Dr Andrew E. Firek Mr Maurice Anghie |
| Company secretary | Mr. Sanjay Sharma (Chief Commercial Officer) |
| Registered office | Lot 31 7 Princes Highway, corner of Bellambi Lane Corrimal, NSW 2518 Ph: +61 (02) 4223 6836 Fx: +61 (02) 4283 7449 |
| Principal place of business | Lot 31 7 Princes Highway, corner of Bellambi Lane Corrimal, NSW 2518 |
| Share register | Boardroom Pty Limited Level 7 207 Kent Street Sydney, NSW 2000 Ph: +61 (02) 9290 9600 Fx: +61 (02) 9279 0664 |
| Auditor | Ernst & Young Level 33, Ernst & Young Centre World Square 680 George Street Sydney, NSW 2000 |
| Bankers | State Bank of India, Sydney Branch Term Lenders: Axis Bank Limited, Export-Import Bank of India, DBS Bank Limited, Canara Bank, Bank of Baroda, Global Syndication Centre-London, SBI(Mauritius) Ltd, Union Bank of India , Punjab National Bank, Punjab National Bank (International) Ltd, State Bank of Mauritius Ltd, AfrAsia Bank Ltd, UCO Bank Ltd, Mauritius Commercial Bank Ltd |
| Stock exchange listing | Wollongong Coal Limited shares are listed on the Australian Securities Exchange (ASX code: WLC) |
| Website | www.wollongongcoal.com.au |

Wollongong Coal Limited
Directors' report
30 September 2014

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 half-year ended 30 September 2014.

Directors

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

Mr. Jasbir Singh
Dr. Andrew E. Firek
Mr. Maurice Anghie

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity focused on:

- development activities to prepare for Longwall mining; and
- obtaining development approvals to commence mining operations based on an optimised mine plan capable of delivering positive shareholder return.

Review of operations

During the financial year the consolidated entity's total production of ROM coal from both the collieries was just over 95,000 tonnes as compared to approximately 440,000 tonnes for the 6 months to September 2013. Production was lower mainly due to:

- longwall production at Russell Vale Colliery ceasing in December 2013 due to delays in obtaining necessary approval for further longwall blocks; and
- longwall production at Wongawilli Colliery ceasing in February 2014, following a roof fall that occurred at the longwall face

Due to the roof fall at the Wongawilli mine and the poor market conditions, the Wongawilli mine has been placed on care and maintenance.

Significant progress has been made to develop a modified mine plan at Russell Vale. This will allow for a new development consent to be provided to recommence mining that will allow for improvements in production rates and cost per tonne.

Total revenue of the consolidated entity was \$8,173,000 compared to \$40,329,000 for 6 months to 30 September 2013 as a result of a changing production profile.

The loss for the consolidated entity after providing for income tax amounted to \$62,567,000 (30 September 2013: \$74,116,000).

The loss includes a net foreign exchange loss of \$16,195,000 (30 September 2013: \$40,512,000). \$14,202,000 of the net foreign exchange loss is unrealised and relates to the change in exchange rate between the US dollar and Australian dollar.

In order to assist the consolidated entity with cash flow, Jindal Group has increased its cash advance facility from \$50 million to \$75 million. The interest rate has also been reduced from 15% to 5% per annum, and repayment is repayable on demand.

The consolidated entity also received a letter of support from its parent entity Jindal Steel and Power (Mauritius) Limited ('JSPML'), a wholly owned subsidiary of the ultimate parent entity, Jindal Steel and Power Limited, stating that the intercompany loan balance owing to JSPML will not be called for 12 months from the date of signing the financial report. The letter also states that JSPML will provide financial support to the consolidated entity as needed to fund the operations.

Wollongong Coal Limited
Directors' report
30 September 2014

Significant changes in the state of affairs

Over \$51 million raised during the reporting period

On 7 April 2014, the company announced an accelerated pro-rata renounceable rights offer of 2 new shares for every 11 shares held at an issue price of \$0.075 per share. The company received applications to subscribe for a total of 391,400,182 new shares from eligible shareholders raising approximately \$29.36 million.

On 23 May 2014 the company announced an accelerated institutional and retail entitlement offer of 1 new share for every 7 shares held by those eligible shareholders registered at the record date, 28 May 2014, at an issue price of \$0.06 per new share to raise up to approximately \$30.30 million. The company received around \$21.75 million under the institutional component of the offer made to Jindal Steel & Power ('Mauritius') Limited.

On 4 November 2014, the Company announced an accelerated institutional and retail rights offer for 19 new shares for every 20 shares held at an issue price of \$0.018 per share. The Company received applications to subscribe for a total of 2,755,606,331 new shares from eligible shareholders raising approximately \$49.60 million under the institutional component of the offer and the retail component remains open until 2 December 2014, unless further extended.

\$75 million facility agreement (cash advances)

In order to assist the consolidated entity with cash flow, Jindal Group has increased its cash advance facility from \$50 million to \$75 million.

Settlement of legal claims

The winding-up proceeding originally commenced in October 2013 by RUS Mining Services Pty Ltd ('RUS') was dismissed by the Supreme Court of New South Wales on 5th September 2014. In February 2014, RUS was replaced as plaintiff in the proceedings by UIL Singapore Pte Ltd ('UIL'), after WCL's dispute with RUS was resolved.

In July 2014, the consolidated entity's dispute with UIL was resolved and PCL (Shipping) Pte Ltd ('PCL') applied to become plaintiff. PCL, having sought leave to discontinue its application to be substituted as plaintiff, was given leave to discontinue. This matter is now closed, and there are no winding-up proceedings against Wollongong Coal Limited.

Statutory demands

The consolidated entity has been served with number of statutory demands with most of them have been paid and/or resolved. However, there are 3 known statutory demands which the consolidated entity is currently disputing with the relevant parties:

- \$6.5 million from Gujarat NRE India Pty Ltd – the consolidated entity has defended this matter and we are waiting for Judgement;
- US\$3,293,681 from PCL Shipping – the consolidated entity is defending this matter and the proceeding be listed for directions on 16 February 2015; and
- \$2,984,369 from the Bellpac Pty Limited (Receivers and Managers Appointed) - the consolidated entity has filled its defence and the return date is 13 February 2015.

Care and maintenance and redundancies

Over the last two years the consolidated entity has experienced financial difficulties due to the economic downturn. Adverse market conditions, especially decline in coal prices and lower production due to the operation issues discussed above have resulted in severe liquidity issues for the consolidated entity. Unfortunately, with the market conditions remaining adverse and due to operational issues, the consolidated entity was forced to take some drastic cost cutting including releasing 150 employees in May 2014.

PAC determination approving commencement of Longwall Mining

Subsequent to the half year ended 30 September 2014, Wollongong Coal's application to mine up to 400 meters of Longwall 6 has received a determination approving the commencement of Longwall mining from the NSW Planning Assessment Committee ('PAC'). As per the determination made by the PAC and subject to receiving supplemental approval, the Company will be able to extract up to 365 meters of Longwall 6.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Wollongong Coal Limited
Directors' report
30 September 2014

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 and forms part of this report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

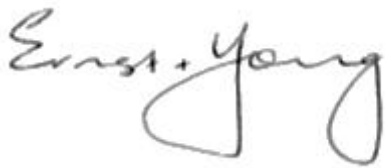


Jasbir Singh
Chairman

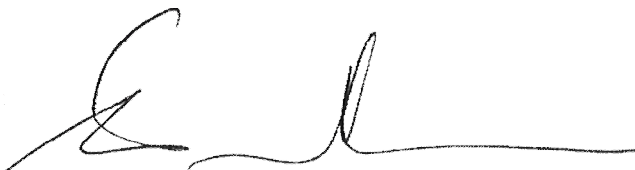
28 November 2014
Corrimal, NSW

Auditor's Independence Declaration to the Directors of Wollongong Coal Limited

In relation to our review of the financial report of Wollongong Coal Limited for the half year ended 30 September 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Trent van Veen
Partner
Sydney
28 November 2014

Wollongong Coal Limited

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30 September 2014

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Wollongong Coal Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 September 2014

| | | Consolidated | |
|--|-------------|---------------------|--------------------|
| | Note | 30 Sep 2014 | 30 Sep 2013 |
| | | \$'000 | \$'000 |
| Revenue | 5 | 8,173 | 40,329 |
| Other income | 6 | 10,715 | 290 |
| Expenses | | | |
| Cost of sales | | (25,526) | (61,046) |
| Distribution expenses | | (4,286) | (13,585) |
| Administrative expenses | | (6,691) | (11,227) |
| Environmental expenses | | (211) | (4,284) |
| Impairment of assets | 10 | (16,679) | - |
| Loss on disposal of assets | | - | (6,408) |
| Net foreign exchange loss unrealised | | (14,202) | (40,512) |
| Net foreign exchange loss realised | | (1,993) | - |
| Finance costs | | (11,867) | (11,158) |
| Loss before income tax benefit | | (62,567) | (107,601) |
| Income tax benefit | | - | 33,485 |
| Loss after income tax benefit for the half-year attributable to the owners of Wollongong Coal Limited | | (62,567) | (74,116) |
| Other comprehensive (loss)/income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Gain/(loss) on revaluation of available-for-sale financial assets | 11 | (1,351) | 150 |
| Income tax on item of other comprehensive income | | - | (45) |
| Other comprehensive (loss)/income for the half-year, net of tax | | (1,351) | 105 |
| Total comprehensive income for the half-year attributable to the owners of Wollongong Coal Limited | | <u>(63,918)</u> | <u>(74,011)</u> |
| | | Cents | Cents |
| Basic (loss)/earnings per share | 24 | (1.67) | (5.39) |
| Diluted (loss)/earnings per share | 24 | (1.67) | (5.39) |

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

Wollongong Coal Limited
Statement of financial position
As at 30 September 2014

| | | Consolidated | |
|-------------------------------------|-------------|---------------------|--------------------|
| | Note | 30 Sep 2014 | 31 Mar 2014 |
| | | \$'000 | \$'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 12,906 | 11,647 |
| Trade and other receivables | 8 | 6,381 | 81,243 |
| Inventories | 9 | 6,865 | 9,171 |
| Other | | 601 | 1,217 |
| Total current assets | | <u>26,753</u> | <u>103,278</u> |
| Non-current assets | | | |
| Receivables | 10 | 50,037 | - |
| Available-for-sale financial assets | 11 | 1,020 | 2,370 |
| Property, plant and equipment | 12 | 873,889 | 824,250 |
| Exploration and licenses | | 360 | 360 |
| Deposits | | 391 | 385 |
| Total non-current assets | | <u>925,697</u> | <u>827,365</u> |
| Total assets | | <u>952,450</u> | <u>930,643</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | 60,195 | 93,816 |
| Borrowings | 14 | 385,523 | 382,755 |
| Working capital facilities | 15 | 63,533 | 73,102 |
| Derivative financial instruments | | 118 | 118 |
| Provisions | | 10,396 | 12,267 |
| Total current liabilities | | <u>519,765</u> | <u>562,058</u> |
| Non-current liabilities | | | |
| Borrowings | 16 | 73,048 | - |
| Convertible bonds | 17 | 14,714 | 14,262 |
| Restoration provision | | 20,044 | 16,953 |
| Total non-current liabilities | | <u>107,806</u> | <u>31,215</u> |
| Total liabilities | | <u>627,571</u> | <u>593,273</u> |
| Net assets | | <u>324,879</u> | <u>337,370</u> |
| Equity | | | |
| Issued capital | 18 | 845,241 | 793,984 |
| Reserves | | 18,065 | 19,246 |
| Accumulated losses | | (538,427) | (475,860) |
| Total equity | | <u>324,879</u> | <u>337,370</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Wollongong Coal Limited
Statement of changes in equity
For the half-year ended 30 September 2014

| Consolidated | Issued capital \$'000 | Reserves \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|--|--------------------------------------|----------------------------|--|------------------------------------|
| Balance at 1 April 2013 | 639,634 | 18,718 | (384,063) | 274,289 |
| Loss after income tax benefit for the half-year | - | - | (74,116) | (74,116) |
| Other comprehensive income for the half-year, net of tax | - | 105 | - | 105 |
| Total comprehensive income for the half-year | - | 105 | (74,116) | (74,011) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Share-based payments | - | 421 | - | 421 |
| Balance at 30 September 2013 | <u>639,634</u> | <u>19,244</u> | <u>(458,179)</u> | <u>200,699</u> |
| Consolidated | Issued capital \$'000 | Reserves \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
| Balance at 1 April 2014 | 793,984 | 19,246 | (475,860) | 337,370 |
| Loss after income tax benefit for the half-year | - | - | (62,567) | (62,567) |
| Other comprehensive income for the half-year, net of tax | - | (1,351) | - | (1,351) |
| Total comprehensive income for the half-year | - | (1,351) | (62,567) | (63,918) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 18) | 51,257 | - | - | 51,257 |
| Share-based payments | - | 170 | - | 170 |
| Balance at 30 September 2014 | <u>845,241</u> | <u>18,065</u> | <u>(538,427)</u> | <u>324,879</u> |

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 half-year ended 30 September 2014

| | | Consolidated | |
|---|-------------|---------------------|--------------------|
| | Note | 30 Sep 2014 | 30 Sep 2013 |
| | | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers | | 3,886 | 36,316 |
| Receipts of subsidies and grants | | 8,235 | - |
| Payments to suppliers and employees | | (47,080) | (55,615) |
| Interest received & other income received | | 94 | - |
| Interest and other finance costs paid | | (6,474) | (9,709) |
| Net cash used in operating activities | | (41,339) | (29,008) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | 12 | (5,680) | - |
| Payments for mine development | | (44,801) | (32,071) |
| Proceeds from sale of investments | | - | 1,752 |
| Proceeds on sales of properties | | - | 3,750 |
| Net cash used in investing activities | | (50,481) | (26,569) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares (net of transaction costs) | 18 | 51,257 | - |
| Proceeds from borrowings | | 3,090 | 71,775 |
| Repayments of related party loan | | - | (9,551) |
| Advance from Jindal | | 52,000 | 42,000 |
| Repayment of borrowings | | (13,268) | (26,280) |
| Payment of deposits | | - | (10) |
| Net cash from financing activities | | 93,079 | 77,934 |
| Net increase in cash and cash equivalents | | 1,259 | 22,357 |
| Cash and cash equivalents at the beginning of the financial half-year | | 11,647 | 2,913 |
| Cash and cash equivalents at the end of the financial half-year | | 12,906 | 25,270 |

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

Wollongong Coal Limited
Notes to the financial statements
30 September 2014

Note 1. General information

The financial statements cover Wollongong Coal Limited as a consolidated, for profit entity consisting of Wollongong Coal Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Wollongong Coal Limited's functional and presentation currency.

Wollongong Coal Limited is a 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 28 November 2014. The directors have the power to amend and reissue the financial statements.

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

Note 2. Going concern

The loss for the 6 months to 30 September 2014 after income tax amounted to \$62,567,000 (2013: \$74,116,000). The loss includes a net foreign exchange loss of \$16,195,000 (2013: \$40,512,000). \$14,202,000 of the net foreign exchange loss is unrealised and relates to the change in exchange rate between the US dollar and Australian dollar.

Net current liabilities of \$493,012,000 (2013: \$456,868,000) includes borrowings of \$385,523,000 (2013: \$382,755,000) 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 repayments due on borrowings for the 6 months ending 31 March 2015 is US\$17,712,383.

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

- Significant adverse financial market conditions;
- Lower coking coal prices during the financial year;
- Reduced production due to development activities not previously carried out at the mine; and
- Delays in receiving mining permits from authorities.

Note 2. Going concern (continued)

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

Cash injection of \$200 million, letter of support and facility agreement of US\$75 million

The parent entity Jindal Steel & Power (Mauritius) Limited ('JSPML'), a wholly owned subsidiary of the ultimate parent entity, Jindal Steel & Power Limited, has injected over \$150 million into the company during the 2013/14 financial year, and a further \$50 million has been injected in the first quarter of 2014/15. In addition to such equity inflows, JSPML has also provided the consolidated entity with a letter of support. JSPML has provided a facility agreement of US\$75 million.

Settlement of legal claims

The winding-up proceeding originally commenced in October 2013 by RUS Mining Services Pty Ltd ('RUS') was dismissed by the Supreme Court of New South Wales on 5th September 2014. In February 2014, RUS was replaced as plaintiff in the proceedings by UIL Singapore Pte Ltd ('UIL'), after WCL's dispute with RUS was resolved.

In July 2014, the consolidated entity's dispute with UIL was resolved and PCL (Shipping) Pte Ltd ('PCL') applied to become plaintiff. PCL, having sought leave to discontinue its application to be substituted as plaintiff, was given leave to discontinue. This matter is now closed, and there are no winding-up proceedings against Wollongong Coal Limited.

Statutory demands

The consolidated entity has been served with number of statutory demands with most of them have been paid and/or resolved. However, there are 3 known statutory demands which the consolidated entity is currently disputing with the relevant parties:

- \$6.5 million from Gujarat NRE India Pty Ltd – the consolidated entity has defended this matter and we are waiting for Judgement;
- US\$ 3,293,681 from PCL Shipping – the consolidated entity is defending this matter and the proceeding be listed for directions on 16 February 2015; and
- \$ 2,984,369 from the Bellpac Pty Limited (Receivers and Managers Appointed) - the consolidated entity has filled its defence and the return date is 13 February 2015.

Creditors – settlements, payment plans and better terms going forward

The consolidated entity has negotiated with most of its creditors for better liquidity management along the following lines:

- Receiving discount on past balances incurred prior to 28 October 2013, all payment plans are as per negotiated terms;
- Agreeing to repay outstanding amounts in tranches over periods for up to a further 18 months;
- Negotiating better prices for future services and products;
- Negotiating better and longer credit terms; and
- All payment plans are complete, or as per agreement.

Rescheduling of bank debts

During the half year ended 30 September 2014 the consolidated entity is in the process of negotiation with its bankers for waivers of financial covenants and reduction of interest rate to assist with the smooth operation of the company. As noted above a large portion of the borrowings have been classified as current due to covenant breaches as at 30 September 2014. Notwithstanding such breaches, all interest and principal repayments for the period to 30 September 2014 have been satisfied.

Cost control

The company placed the Wongawilli mine on "Care & Maintenance" during the 6 month period and manpower reductions (through Voluntary and Forced Redundancies) and other cost savings have been instigated at the Russell Vale Mine.

The consolidated entity believes that with all measures put in place as detailed above, together with the continued support of its suppliers, government, community, financiers and shareholders, 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.

Note 2. Going concern (continued)

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 states 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 3. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 September 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These were as follows:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- Interpretation 21 Levies

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Furthermore, the new, revised and amended Accounting Standards or Interpretations recently issued but not yet effective are not expected to have a significant impact to the financial performance or position of the consolidated entity.

Note 4. 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 the Chief Executive Officer (Chair), Chief Operating Officer, Chief Financial Controller, Operations Managers and Community/HR.

The consolidated entity operates predominately in one geographical region being the Illawarra Basin.

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

Note 4. Operating segments (continued)

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.

Note 5. Revenue

| | Consolidated | |
|----------------------|---------------------|--------------------|
| | 30 Sep 2014 | 30 Sep 2013 |
| | \$'000 | \$'000 |
| <i>Sales revenue</i> | | |
| Export sales | 8,154 | 40,233 |
| <i>Other revenue</i> | | |
| Rent | 7 | 8 |
| Other revenue | 12 | 88 |
| | <u>19</u> | <u>96</u> |
| Revenue | <u>8,173</u> | <u>40,329</u> |

Note 6. Other income

| | Consolidated | |
|----------------------------------|---------------------|--------------------|
| | 30 Sep 2014 | 30 Sep 2013 |
| | \$'000 | \$'000 |
| Foreign exchange gain - realised | - | 275 |
| Subsidies and grants | 10,640 | - |
| Interest | 75 | 15 |
| | <u>10,715</u> | <u>290</u> |
| Other income | <u>10,715</u> | <u>290</u> |

Subsidies and grants represents coal sector job subsidies.

Note 7. Current assets - cash and cash equivalents

| | Consolidated | |
|-----------------|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Cash at bank | 7,786 | 6,547 |
| Cash on deposit | 5,120 | 5,100 |
| | <u>12,906</u> | <u>11,647</u> |
| | <u>12,906</u> | <u>11,647</u> |

Cash and cash equivalents at 30 September 2014 includes \$7,958,804 (31 March 2014: \$1,063,000) restricted cash held and maintained for debt service coverage.

Wollongong Coal Limited
Notes to the financial statements
30 September 2014

Note 8. Current assets - trade and other receivables

| | Consolidated | |
|-------------------|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Trade receivables | 1,746 | 69,657 |
| Other receivables | 4,089 | 2,655 |
| Prepayment | 546 | 8,931 |
| | <u>6,381</u> | <u>81,243</u> |

Note 9. Current assets - inventories

| | Consolidated | |
|--|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Stores and consumables - at cost | 4,630 | 3,788 |
| ROM coal stock - at cost | - | 2,113 |
| ROM coal stock - at net realisable value | 2,235 | 3,270 |
| | <u>6,865</u> | <u>9,171</u> |

Note 10. Non-current assets - receivables

| | Consolidated | |
|---|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Trade receivables | 66,716 | - |
| Less: Provision for impairment of receivables | (16,679) | - |
| | <u>50,037</u> | <u>-</u> |

The balance at 30 September 2014 represents trade receivables from the former parent company (the Gujarat Group of companies). The balance was \$67,602,000 at 31 March 2014 and was included in current assets as a trade receivable.

The consolidated entity is currently commencing legal proceedings to recover the monies owed by Gujarat Group including interest and costs of recovery and intend to pursue this matter to the full extent permitted by law. However in light of the delays experienced in recovering this balance, the time value of money and legal costs and the uncertainty surrounding financial soundness of the Gujarat Group, the Directors consider it prudent to impair the receivable by \$16,679,000 and show such amount as a non-current asset.

Note 11. Non-current assets - available-for-sale financial assets

| | Consolidated | |
|---------------------------|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Shree Minerals Limited | 900 | 2,250 |
| Port Kembla Coal Terminal | 120 | 120 |
| | <u>1,020</u> | <u>2,370</u> |

Refer to note 19 for further information on fair value measurement.

Wollongong Coal Limited
Notes to the financial statements
30 September 2014

Note 12. Non-current assets - property, plant and equipment

| | Consolidated | |
|--------------------------------|-----------------------|-----------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Land and buildings - at cost | 46,542 | 46,542 |
| Less: Accumulated depreciation | (822) | (774) |
| | <u>45,720</u> | <u>45,768</u> |
| Plant and equipment - at cost | 264,992 | 259,244 |
| Less: Accumulated depreciation | (78,533) | (68,182) |
| | <u>186,459</u> | <u>191,062</u> |
| Mine development - at cost | 630,464 | 575,944 |
| Less: Accumulated depreciation | (133,844) | (133,844) |
| Less: Impairment | (51,318) | (51,318) |
| | <u>445,302</u> | <u>390,782</u> |
| Mining lease - at cost | 387,275 | 387,137 |
| Less: Accumulated depreciation | (995) | (943) |
| Less: Impairment | (231,281) | (231,281) |
| | <u>154,999</u> | <u>154,913</u> |
| Deferred restoration - at cost | 15,242 | 15,242 |
| Less: Accumulated depreciation | (3,485) | (3,191) |
| | <u>11,757</u> | <u>12,051</u> |
| Pre-production expenses | 58,708 | 58,708 |
| Less: Accumulated depreciation | (29,056) | (29,034) |
| | <u>29,652</u> | <u>29,674</u> |
| | <u><u>873,889</u></u> | <u><u>824,250</u></u> |

| | Land and buildings \$'000 | Plant and equipment \$'000 | Mine development \$'000 | Mining leases \$'000 | Deferred restoration and pre- production \$'000 | Total \$'000 |
|------------------------------|---------------------------------|----------------------------------|-------------------------------|----------------------------|---|-----------------|
| Consolidated | | | | | | |
| Balance at 1 April 2014 | 45,768 | 191,062 | 390,782 | 154,913 | 41,725 | 824,250 |
| Additions* | - | 5,747 | 54,520 | 138 | - | 60,405 |
| Depreciation expense | (48) | (10,350) | - | (52) | (316) | (10,766) |
| Balance at 30 September 2014 | <u>45,720</u> | <u>186,459</u> | <u>445,302</u> | <u>154,999</u> | <u>41,409</u> | <u>873,889</u> |

* Included in this balance is \$7,250,000 in capitalised interests on the bank borrowing facilities.

Property, plant and equipment secured under finance leases

The Wongawilli mine is on care and maintenance and Russell Vale mine is undergoing development and as such, amortisation on mining and developments costs has ceased.

Note 13. Current liabilities - trade and other payables

| | Consolidated | |
|---------------------|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Trade payables | 23,961 | 54,566 |
| Accruals and others | 20,716 | 30,001 |
| Other payables | 15,518 | 9,249 |
| | <u>60,195</u> | <u>93,816</u> |

Note 14. Current liabilities - borrowings

| | Consolidated | |
|----------------------|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Bank loans (secured) | <u>385,523</u> | <u>382,755</u> |

Note 15. Current liabilities - working capital facilities

| | Consolidated | |
|--|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Working capital demand loan - Bank of Baroda | - | 27,112 |
| State Bank of India working capital loan (secured) | 11,028 | 45,990 |
| JSPML working capital loan (unsecured) | 52,505 | - |
| | <u>63,533</u> | <u>73,102</u> |

\$75 million facility agreement (cash advances)

In order to assist the consolidated entity with cash flow, Jindal Group has increased its cash advance facility from \$50 million to \$75 million. The interest rate has also been reduced from 15% to 5% per annum, and repayment is repayable on demand. At 30 September 2014, \$52,505,000 of the \$75 million facility has been drawn down.

Note 16. Non-current liabilities - borrowings

| | Consolidated | |
|----------------------|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Bank loans (secured) | <u>73,048</u> | <u>-</u> |

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

| | Consolidated | |
|--------------------------|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Bank loans (secured) | 458,571 | 382,755 |
| Working capital facility | 11,028 | 73,102 |
| | <u>469,599</u> | <u>455,857</u> |

Note 16. Non-current liabilities - borrowings (continued)

The credit facilities (both term loan and working capital) are secured as follows:

(i) *The term loan facilities of the consolidated entity is secured by:*

- First ranking pari-pasu charge on the present and future fixed assets of the company 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 line over 100% of the company's shareholding in Oceanic Coal Resources NL ('OCRNL');
- Negative line over 100% of OCRNL's shareholding in Wongawilli; and
- First ranking pari-pasu assignment of insurance policies related to fixed and current assets of the company, charged to the bank.

(ii) *The working capital facilities are secured by:*

- First pari-passu charge on the entire current assets of the company and Wongawilli, along with other working capital lenders; and
- First ranking pari-pasu assignment of insurance policies related to fixed and current assets of the company and Wongawilli, charged to the bank.

Note 17. Non-current liabilities - convertible bonds

| | Consolidated | |
|------------------------------|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| Fully convertible bonds - 8% | 10,000 | 10,000 |
| Accumulated interest | 4,714 | 4,262 |
| | <u>14,714</u> | <u>14,262</u> |

Note 18. Equity - issued capital

| | Consolidated | | | |
|------------------------------|----------------------|----------------------|--------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 | 30 Sep 2014 | 31 Mar 2014 |
| | Shares | Shares | \$'000 | \$'000 |
| Ordinary shares - fully paid | <u>3,899,279,213</u> | <u>3,141,763,507</u> | <u>845,241</u> | <u>793,984</u> |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$'000 |
|------------------------------------|-------------------|----------------------|--------------------|----------------|
| Balance | 1 April 2014 | 3,141,763,507 | | 793,984 |
| Capital raising under rights issue | 14 April 2014 | 390,470,533 | \$0.08 | 29,285 |
| Issue of ordinary shares | 20 May 2014 | 2,834,838 | \$0.08 | 213 |
| Issue of ordinary shares | 2 June 2014 | 362,579,780 | \$0.06 | 21,755 |
| Issue of ordinary shares | 25 June 2014 | <u>1,630,555</u> | <u>\$0.00</u> | <u>4</u> |
| Balance | 30 September 2014 | <u>3,899,279,213</u> | | <u>845,241</u> |

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.

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.

Note 18. Equity - issued capital (continued)

Dividends

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

Share buy-back

There is no current on-market share buy-back.

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 19. 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 - 30 Sep 2014 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <i>Assets</i> | | | | |
| Available for sale financial assets: Listed equity securities | 900 | - | - | 900 |
| Available for sale financial assets: Unlisted equity securities | - | - | 120 | 120 |
| Total assets | 900 | - | 120 | 1,020 |
| <i>Liabilities</i> | | | | |
| Interest rate swap derivative | - | 118 | - | 118 |
| Total liabilities | - | 118 | - | 118 |
| Consolidated - 31 Mar 2014 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| <i>Assets</i> | | | | |
| Available for sale financial assets: Listed equity securities | 2,250 | - | - | 2,250 |
| Available for sale financial assets: Unlisted equity securities | - | - | 120 | 120 |
| Total assets | 2,250 | - | 120 | 2,370 |
| <i>Liabilities</i> | | | | |
| Interest rate swap derivative | - | 118 | - | 118 |
| Total liabilities | - | 118 | - | 118 |

There were no transfers between levels during the financial half-year.

Note 19. Fair value measurement (continued)

The fair value of derivate financial instruments is derived using valuation techniques based on observable market inputs, such as interest rates, at the end of the reporting period. The amounts disclosed in the statement of financial position are the fair values and are classified under level 2 in the fair value measurements hierarchy

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 within the consolidated entity's 31 March 2014 annual report.

During the year, the consolidated entity held equity shares as available for sale financial instruments classified as level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below.

| Consolidated | Available- for-sale \$'000 | Total \$'000 |
|------------------------------|----------------------------------|-----------------|
| Balance at 1 April 2014 | 120 | 120 |
| Balance at 30 September 2014 | <u>120</u> | <u>120</u> |

Note 20. Contingent liabilities

The consolidated entity has given the following guarantees, as at 30 September 2014:

Parent entity

Bank guarantee of \$5,657,000 provided to the Department of Primary Industries for Russell Vale Colliery; and
Bank guarantee of \$451,198 provided to Commonwealth Bank of Australia for Port Kembla Coal Terminal.

Wongawilli Coal Pty Ltd

Bank guarantee of \$500,000 provided to The Sydney Catchment Authority. After 30 September, the bank guarantee was returned by The Sydney Catchment Authority, and has been cancelled; and
Bank guarantees of \$40,010,000 provided to the Department of Primary Industries for Wongawilli Colliery.

A claim has been lodged through the NSW Supreme Court claiming losses for Coal Quality on a shipment of Coal to Sino East Minerals Limited. The claim amount is US\$1,924,000, plus interest and costs. WCL denies liability under the Contract and filed a Commercial List Response on 5 September 2014.

A claim has been lodged by Great Investments relating to the convertible bonds. Should the consolidated entity be unsuccessful in defending this claim, some of the convertible bonds shown as non-current liabilities may be settled within 12 months.

There has been a number of claims made against the consolidated entity by the Gujarat. The consolidated entity is defending these claims and actively pursuing repayment of their debt.

Wollongong Coal Limited
Notes to the financial statements
30 September 2014

Note 21. Commitments

| | Consolidated | |
|---|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$'000 | \$'000 |
| <i>Capital commitments</i> | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 3,292 | 7,822 |
| One to five years | 1,500 | 10,259 |
| | <u>4,792</u> | <u>18,081</u> |

Note 22. Related party transactions

Parent entity

Wollongong Coal Limited is the parent entity in Australia. The immediate 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. The former parent was Gujarat NRE Coke Limited ('GNCL'), a company registered in India.

Transactions with related parties

The following transactions occurred with related parties:

| | Consolidated | |
|---|---------------------|--------------------|
| | 30 Sep 2014 | 30 Sep 2013 |
| | \$ | \$ |
| Sale of goods and services: | | |
| Export sales to ultimate parent entity JSPL | 4,890,224 | 20,912,761 |
| Export sales to former parent entity GNCL | - | 12,083,152 |

Receivable from and payable to related parties

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

| | Consolidated | |
|---|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$ | \$ |
| Current payables: | | |
| Net payables to ultimate parent entity JSPL | - | 2,536,771 |

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

| | Consolidated | |
|---|---------------------|--------------------|
| | 30 Sep 2014 | 31 Mar 2014 |
| | \$ | \$ |
| Current receivables: | | |
| Net loan payables to parent entity JSPML* | 52,504,795 | - |

* As at 30th September 2014, the loan payable to JSPML includes interest of A\$504,795.

Note 22. Related party transactions (continued)

Terms and conditions

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

Note 23. Events after the reporting period

On 4 November 2014, the Company announced an accelerated institutional and retail rights offer for 19 new shares for every 20 shares held at an issue price of \$0.018 per share. The Company received applications to subscribe for a total of 2,755,606,331 new shares from eligible shareholders raising approximately \$49.60 million under the institutional component of the offer and the retail component remains open until 2 December 2014, unless further extended.

PAC determination approving commencement of Longwall Mining

Wollongong Coal's application to mine up to 400 meters of Longwall 6 has received a determination approving the commencement of longwall mining from the NSW Planning Assessment Committee ('PAC'). As per the determination made by the PAC and subject to receiving supplemental approval, the Company will be able to extract up to 365 meters of Longwall 6.

No other matter or circumstance has arisen since 30 September 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 24. Earnings per share

| | Consolidated | |
|---|----------------------|----------------------|
| | 30 Sep 2014 | 30 Sep 2013 |
| | \$'000 | \$'000 |
| Loss after income tax attributable to the owners of Wollongong Coal Limited | <u>(62,567)</u> | <u>(74,116)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>3,746,347,523</u> | <u>1,376,138,678</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>3,746,347,523</u> | <u>1,376,138,678</u> |
| | Cents | Cents |
| Basic (loss)/earnings per share | (1.67) | (5.39) |
| Diluted (loss)/earnings per share | (1.67) | (5.39) |

22,638,000 (2013: 22,638,000) options were omitted from the above calculations, as they were anti-dilutive.

Wollongong Coal Limited
Directors' declaration
30 September 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 September 2014 and of its performance for the financial half-year ended on that date; and
- having regard to note 2, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Jasbir Singh
Chairman

28 November 2014
Corrimal, NSW

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Wollongong Coal Limited, which comprises the consolidated statement of financial position as at 30 September 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2014 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Wollongong Coal Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

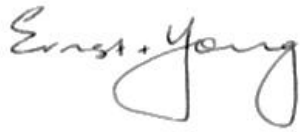
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Wollongong Coal Limited is not in accordance with the *Corporations Act 2001*, including:

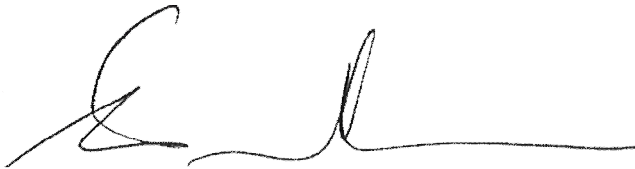
- a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2014 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter Regarding Going Concern

Without qualifying our conclusion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters there is significant uncertainty whether the company will continue as a going concern 12 months from the date of the report, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.



Ernst & Young



Trent van Veen
Partner
Sydney
28 November 2014