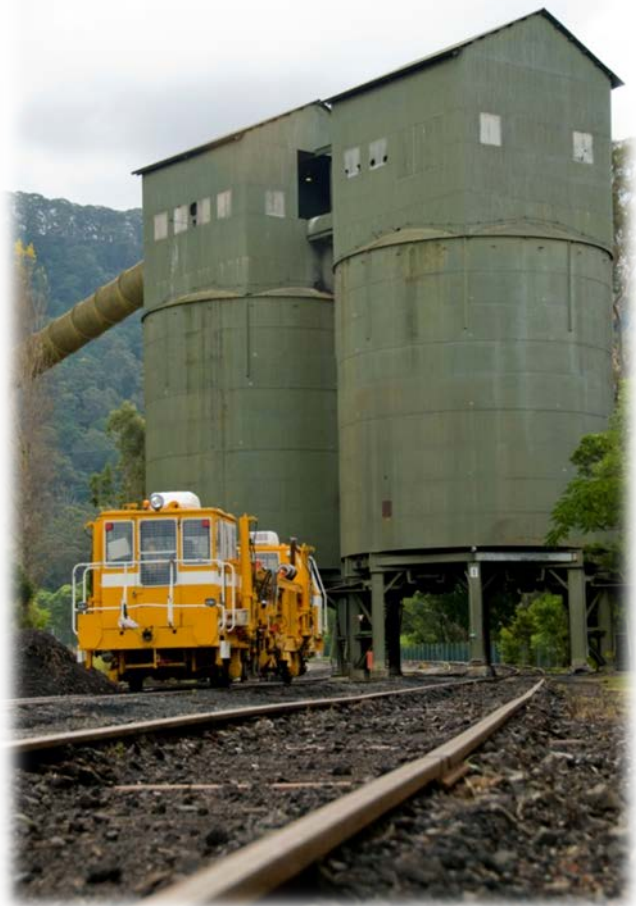


Quarterly Report

July – September 2018



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Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WCL Totals	
	Apr – Jun 2018	Jul – Sep 2018	Apr – Jun 2018	Jul – Sep 2018	Apr – Jun 2018	Jul – Sep 2018
ROM Production	-	-	93,490	114,334	93,490	114,334
Saleable Production	-	-	93,490	114,334	93,490	114,334
Sales	-	-	144,049	87,460	144,049	87,460

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.

The colliery received an Order in July to remove 200,000 tonnes of coal material from the rejects emplacement area. The commencement of this removal work is expected in the final months of 2018.

The mine is preparing to submit its response to the approval authorities to recommence operations at Russell Vale. Detailed project planning is underway to execute the work program in 2019.

Wongawilli Colliery

WCL continued its mining operations at Wongawilli Colliery this quarter. Continuing efforts to improve productivity will deliver improvement in two units operating at Wongawilli with a further increase in production being delivered in the next quarter. The tonnage produced in the quarter was 114,334 tonnes compared to 93,490 tonnes in the previous quarter. Total sale for the quarter was 87,460 tonnes of coal.

Wongawilli Mine has been recovering and processing additional stockpiled coal material across its extended holdings this quarter which will be exported as a thermal coal product to bring additional revenue to the business.

Health, Safety, Environment & Community

Health & Safety



Incidents that occurred during the quarter were:

Russell Vale Colliery

- There was one notifiable injury in the quarter reported to the Regulator as a Section 178 Part (a) and Past (d) Serious Injury Incident whereby the involved person was unable to carry out normal duties for greater than 7 days:
 - an Environmental Monitoring Officer was walking between monitoring sites when he tripped over a fallen tree rolling his right ankle. He was air lifted to Wollongong hospital for further medical treatment, which found a sprained ankle and a fracture to his ankle.

Wongawilli Colliery

- There were three notifiable injuries in the quarter reported to the Regulator as a Section 128 (5) (n) High Potential Incident whereby the involved personnel were unable to carry out normal duties for greater than 7 days;
 - an operator crushed his left hand middle finger in a load haul dump (LHD) nip point. This resulted in a hair line fracture of the fingertip and a lost nail.

- a mining official was walking along a conveyor belt on good ground when he felt his knee “pop”. This resulted in medical investigation which revealed ligament damage requiring surgery.
- an operator twinged his back when attempting to lift a heavy hose.
- Other incidents reported were:
 - a tradesman was exposed to a blown hydraulic hose. The fluid directed away from the tradesman but he was observed over a period of time to ensure that a pressure injection injury was not sustained. There was no such issue and the tradesman returned to work. The incident was reported as a Section 128 (5) (a) High Potential Incident.
 - an operator in a production panel noticed that when he lowered a shuttle car boom and turned off the control to lower, the boom then lifted slightly. This incident was immediately rectified and not person was at risk. The incident was reported to the Regulator as a Section 128 (5) (a) High Potential Incident.
 - In N1 production panel the lifting continuous miner was unable to retreat from a lift as a result of falling roof material and the tracks of the machine being bogged. A Miner Extraction Device (MED) was immediately on hand and was used to remove the continuous miner from the lift. The MED is designed and on hand for this reason and no person was placed at high risk. This incident was reported as a Section 128 (5) (e) High Potential Incident.
 - an operator of a man transporter, whilst transporting a crew of persons, stepped out of the machine that he was driving without correctly applying the brakes as per his training. He had tried to use the cab door interlock safety device to apply the brakes but the device did not operate correctly. The man transporter rolled slowly forward approximately 0.5m. The operator immediately applied the brakes as he should have originally done. This

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incident was reported to the Regulator as a Section 179 (xii) Dangerous Incident because the operator put himself at risk.

The mine has improved its safety performance through improved start of shift communication sessions, safety accountability and the better use of proactive personal risk assessment tools. The Health and Safety Committee, which was formed in July, has met twice during the period and is working towards improved safety culture at the mine with the use of proactive safety tools such as:

- Personal risk management
- Job Safety Analysis
- Peer on Peer observations

The Site Safety and Health Representative are working closely with the committee as are members of the management team.

Paul Coxhead, the Mining Engineering Manager retired on 27 July 2018. This key statutory position was assumed by the new Operations Manager, Chris Rogers who commenced work with Wollongong Coal on 9/7/18 and assumed the Mining Engineering Manager's statutory responsibility on 25/7/18.

Wongawilli Colliery was successful in recruiting a Fire Officer, Geotechnical Engineer, and a Compliance Superintendent during the period and was actively seeking a suitably qualified and experienced person to assume the new role of Safety, Health and Training Manager. These new recruitments in these key safety related positions will assist the mine to operate safely and productively going forward.

Wongawilli is continuing its drive to meet its compliance obligations and be injury free. Its strategy is that the behaviour that underpins a zero harm workplace facilitates a productive and profitable operation. Additional resources have been applied to these objectives and new management is in place to deliver it.

Environment & Community



Russell Vale Colliery

There was no reportable event this quarter.

The modification application made to the Department of Planning and Environment (DPE) proposing modifications to the project approval regarding Bellambi Gully Creek works was ongoing this quarter. A Submissions Report continues in preparation to respond back to the DPE and is expected to be lodged in the next quarter.

Preparation and lodgement of the Amended Underground Expansion Plan (UEP) for Bord and Pillar (i.e. minimal subsidence) mining plan for Russell Vale colliery is ongoing with lodgement expected in the next quarter.

Community Consultative Committee (CCC) meeting was held as scheduled on 27th August.

Wongawilli Colliery

There were no reportable environmental incidents during the quarter.

The CCC meeting was held on the 05 September and was chaired by Mr David Ross. Two new residents have filled in application forms to become part of the Committee.

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

Work continues on the Annual Environmental Monitoring Report (AEMR) 2017-18. An extension until the 21 December has been granted for the submission of the AEMR.

Planning has commenced on the close out reports for the N1 End of Panel. Surface-water and Ground-water, Ecological, and Subsidence reports are required. Subsidence survey monitoring was completed during the quarter to provide information for these reports and for the Annual Environmental Monitoring Report for 2017-18.

Weed management continues on site, with a focus on the decline and around surface infrastructure.

Site water management continues:

- Decline Surcharge Dam, Elevator Sump, Stack-out Sump, Primary Treatment Settlement Pond and ROM Drain have been cleaned out.
- Dirty water drains around the workshop and pit top have been cleaned out.
- Timber Yard bund has been repaired.

Waste management on site in this quarter:

- 3500lt of waste oil removed from site during this reporting period.
- 60,000 lt of black water (sewage) has been removed from site.
- 300kg of cardboard/paper removed from site.
- Approximately 1.22 tonnes of Putrescible Waste removed from site.
- Approximately 3.55 tonnes of general waste removed from site.
- Approximately 4 tonnes of scrap steel.
- Clean up of rubbish around the pit top continues.

Corporate & Financial

Cash Advances Facility Agreement

A short-term drawdown facility for cash advances (Facility) for \$200 million from Jindal Steel and Power (Mauritius) Limited, (JSPML) has been increased to \$300 million. To date, the Company has withdrawn around \$210 million.

In addition, the Company has around \$28 million from Jindal Steel and Power (Australia) Pty Ltd, wholly owned subsidiary of JSPML as a short term loan.

Court's decision in Dispute with Gujarat NRE India

In New South Wales Supreme Court proceedings 2014/211688, the Company defended an indemnity claim for approximately AUD\$12 million and a further claim for AUD\$6.57 million, plus interest and costs. The loan claim relates to an alleged unpaid loan from Gujarat NRE India Pty Ltd (GNI), part of the Gujarat NRE Group. GNI issued a statutory demand in relation to the loan claim, which was set aside by the Court in prior proceedings. On 23 October 2018, the Court gave judgement in favour of GNI in relation to both claims in the sum of \$23,776,612.82 plus costs. The Company is pursuing a stay of the judgment and has also filed a notice of appeal.

Capital Structure as on 30 September 2018

Shares on issue	9,366,977,256
Unlisted options	2,400,000

Board of Directors

Mr Milind K Oza –	Chairman and CEO
Dr Andrew Firek –	Non-executive director
Mr Maurice Anghie –	Non-executive director

For Further information

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