

Quarterly Report

April – June 2019



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Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WCL Totals	
	Jan - Mar 2019	Apr - Jun 2019	Jan - Mar 2019	Apr - Jun 2019	Jan - Mar 2019	Apr - Jun 2019
ROM Production	-	-	49,752	-	49,752	-
Saleable Production	-	-	49,752	-	49,752	-
Sales	-	59,394*	50,071	26,459	50,071	85,853

*approximately 28,800 tonnes were sourced from third parties.

Russell Vale Colliery

The Russell Vale Colliery remains on Care and Maintenance. However, initial planning and activities have commenced towards a successful completion of the pending application to resume mining operations.

The colliery received an Order in July to remove approximately 200,000 tonnes of coal material from the reject emplacement area. 64,912 tonnes of coal material were removed during the quarter, out of which, the Company managed to sell and export 30,589 tonnes.

Wongawilli Colliery

The mine, idle since 13 March 2019, commenced a program of work to address the directives under a Stop Work Order issued by the Regulator in March 2019 and other Notices issued to the mine in that period. In the execution of that program, a roof-fall was found on the belt road of the old Wonga Mine entries on 5 April 2019. The nature of that fall caused a further review of the viability of continuing mining and the unacceptable risks that could not be reduced by utilising the old Wonga entries. A decision was made by the Company to withdraw from using the current mine entries in a planned and structured manner and develop any further mining operations in the Wongawilli Mine leases through the utilisation of existing new mine entries (North West Mains). This was advised to DPE inspectors on 6 April 2019.

In the following period, the mine has continued its re-entry program to access the in-bye Nebo workings to recover its mining equipment that can be used in WCL's future mining operations. The mine has completed its commitments in

relation to Notices issued through this period and the equipment recovery was completed in June 2019.

The mine changed to Care and Maintenance activities from Friday, May 31 2019.

Over the next six months, the care and maintenance team plan to carry out the following tasks:

- Complete a change management process to ensure its Health and Safety Management systems continue to meet the requirements of the site's approvals and governing legislation;
- Develop a plan to seal off the current workings to reduce costs of maintaining infrastructure;
- Commence the evaluation and development program to continue mining operations at some time in the future utilising the North West Mine entries;
- Commence remediation work on the surface infrastructure that will not be utilised in future operations;
- Ensure all statutory reports are filed and stored in the appropriate secure place;
- Remove all equipment and stores to Russell Vale site with greater security
- Carryout any necessary environmental work to maintain compliance; and
- Develop a plan to remove all unwanted material from site.

Health, Safety, Environment & Community

Health & Safety



Incidents that occurred during the quarter were:

Russell Vale Colliery

- There were no notifiable incidents in the quarter.

Wongawilli Colliery

- There was one notifiable incident related to the stoppage of the Main Ventilation Fan, but nobody was underground at the time or at risk.

The process of reviewing and updating the Russell Vale's Operations, Engineering, Safety and Health management systems for a pending restart of operations progressed through in this quarter, is being worked upon.

Environment & Community



Russell Vale Colliery

There were no environmental reportable events this quarter.

The modification application made to the Department of Planning Industry and Environment (DPI&E) proposing modifications (Mod 4) to the project approval regarding Bellambi Gully Creek works has been submitted on 19 July 2019 and is currently being assessed by the DPE.

The preparation and lodgement of the Amended Underground Expansion Plan (UEP) for Board and Pillar (i.e. minimal subsidence) mining plan for Russell Vale colliery continued during the quarter. A Community Information Session was held at Thirroul Community Centre on 25 May 2019. The final UEP was lodged with the DPI&E on 17 July 2019 and went on public exhibition in week ending 2 August 2019.

The movement of the coal material from the Russell Vale Emplacement Area (RVEA) was ongoing during the quarter and completed by 19 July 2019 in line with the Department directions. The material was moved to a suitably licensed facility in consultation with regulatory authorities.

A final land form for the Russell Vale Emplacement Area is being negotiated with Wollongong City Council and DPI&E is ongoing.

Community Consultative Committee (CCC) meeting was held as scheduled on 3rd June 2019.

Wongawilli Colliery

There were no reportable environmental incidents in the last quarter.

The second CCC meeting for 2019 was held on the 5 June 2019. Due to the change in the operational status of Wongawilli colliery (WWC) from Mining to Care and Maintenance, improved site security was a topic of focus with an increase in unauthorised entries to the mine site due to the announcement.

A Notice of variation of License No. 1087 for PRP 12 was issued to WCL in November 2018. Modification to PRP 12 Section 2 allows WCL personnel 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. This reports on the effectiveness of the WCL decline conveyor water drain management strategy.

WCL submitted the Annual Environmental Monitoring Report (AEMR) for WWC on the 21 December 2018 to the NSW Department of Planning and Environment - Division of Resources and Geoscience which covers the period 1 July 2017 - 30 June 2018. Pursuant to Condition 4 of ML1596, and Condition 3 of ML1565 and CCL766. The WWC AEMR was approved on the 1 of April 2019 with one minor update.

Planning continues with the close out reports for the N1, N3 & N5 End of Panels. Surface-water and Ground-water, Ecological, and Subsidence reports quotes have been received, which are in the system for processing.

Currently all Environmental Management Plans are under review to reflect the change in the operational status of WWC from Mining to Care and Maintenance.

The WWC Care and Maintenance Management Plan has been developed and is in draft form and currently under review. An infrastructure assessment is currently underway to look at infrastructure requirements for the Care and Maintenance period. Environmental Care and Maintenance work requirements is currently being reviewed.

The contaminated soil from the Nebo and Wonga shaft incident is still under management and fresh sets of soil samples were taken on the 18 June 2019. A report has been compiled and submitted to the EPA for the fulfilment of EPL

1087, Condition 9 E1.1.5 to provide a 6 monthly remediation progress update. Soil turning and sampling is planned to be undertaken during July 2019.

There has been ongoing improvement with environmental management on site.

- Residue in oil drums is drained out on a draining tray before the drums are sent off site to be recycled.
- Sedimentation that has built up in Pit Top drains has been removed.
- Weed management continues on site with a focus around surface infrastructure, access road, carparks and high traffic areas.
- Access road vegetation was slashed and brush cut to tidy up the site.
- Grass areas at the Pit Top was slashed to tidy up the site.

Site water management continues and are ongoing activities.

- Decline Surcharge Dam has been cleaned out.
- Decline Settling Dam has been cleaned out.
- Elevator Sump cleaned out.

Waste management on site in this quarter:

- 2,500 litres of waste oil removed from site during this reporting period.
- 60,000 litres of black water (sewage) has been removed from site.
- 120kg of cardboard/paper removed from site.
- Approximately 1.3 tonnes of general waste removed from site.
- Approximately 6.1 tonnes of bulk mining waste.
- Site cleanup is currently underway. It has commenced in the Timber Yard and planning has commenced to remove all scrap steel from site.

Exploration Operations

No exploration activities were undertaken for the period of reporting in Russell Vale Colliery or Wongawilli Colliery

Corporate & Financial

Resignation and Appointment of Directors

Mr Devendra Vyas resigned as a non-executive director effectively from 1 April 2019.

Mr Sanjay Kumar Srivastava has been appointed as a non-executive director of the Company and its subsidiaries as a nominee of Jindal Steel & Power (Mauritius) Limited effectively from 7 May 2019.

Mr Srivastava is Masters in Science & Technology in Applied Geology from IIT (ISM), Dhanbad and PG Diploma in Supply Chain Management from ICFAI, India.

Mr Srivastava has more than 25 years of experience in Coal and Mineral business while working for some of the largest Steel and Aluminium companies of India in various functional roles. His experience includes Business Development, Raw Material Procurement for Steel & Aluminium Industry, Exploration and Development of Greenfield Mining Projects in India and South East Asia. He has been involved in acquisition of medium to large size coal & Nickel ore assets in Indonesia. Mr Srivastava is also experienced in Business Development in Oil, Gas, and Power Projects in Indonesia. He is currently working as Business Head of Indonesian Business of Jindal Steel & Power Limited.

Cash Advances Facility Agreement

The Company has a drawdown facility for cash advances (Facility) for \$300 million from Jindal Steel and Power (Mauritius) Limited. The facility was over drawn by \$27.42 million, however, since then the facility limit has been increased to \$350 million and facility extended up to 30 September 2020.

In addition, the Company has around \$29 million from Jindal Steel and Power (Australia) Pty Ltd, wholly owned subsidiary of JSPML as a short-term loan.

US \$25 million facility (MCB Facility)

US \$25 million facility with an outstanding loan amount of US \$20.835m, which was due in December 2018 was deferred up to 30 June 2019. The Company had repaid couple of instalments in February 2019 and April 2019, with remaining US \$12.501 million payable by Jun 2019. However, on the Company's request the Lender has agreed to extend the final repayment date to the earlier of 31 December 2019 or the date on which any restructuring of the indebtedness and other obligations of Jindal Steel and Power (Australia) Pty Ltd in connection with various outstanding facilities becomes effective ("Final Repayment Date"). Under the terms of the Amendment Letter, the Company shall:

- I. repay 5% of the original outstanding amount under the MCB Facility of US \$20,835,000, within 5 business days following the execution of the Amendment Letter and on or before 30 September 2019 (being an aggregate amount of US \$2,083,500); and
- II. pay all accrued and unpaid interest for the period from 1 July 2019 until 30 September 2019 on 30 September 2019.

In the event that the Company fails to adhere to the above terms, on the date of any payment default, interest on the principal amount then outstanding shall be deemed to be reinstated and/or accruing at such date, as from 31 December 2018.

Investigation and Notices from the DPE Resources Regulators

The Department of Planning and Environment's Resources Regulator has commenced an investigation into whether Wollongong Coal Ltd has complied with its duties under the Work Health and Safety Act 2011. The investigation relates to matters that led to the issue of prohibition notices and the stop work order following an inspection of the Wongawilli Colliery on 13 March 2019, announced on 18 March 2019. Wollongong Coal continues with its risk review and will continue to assist the Resources Regulator in its investigation.

The Resources Regulator has also issued a notice under section 248B of the Mining Act 1992, seeking information and records in relation to Wollongong Coal's financial capacity to comply with its obligations under the Mining Act. The requests for information relate to the recent disclosures made to the

Australian Stock Exchange on 25 February 2019 (Loan facility restructured), 14 March 2019 (ASIC determination s 713(6)), and 19 March 2019 (Negotiations re Debt Restructuring). Wollongong Coal has responded to the notices as required under the Mining Act.

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 judgement was stayed until the final determination of the appeal, on a condition that WLC provide a security of \$8.67m by no later than 5 December 2018, which was provided.

The Court of Appeal of the New South Wales handed down a decision on 11 June 2019, which overturned a judgment in favour of Gujarat NRE India for indemnity in the sum of \$15,106,397.48. The Court upheld a judgment against the Company in the sum of \$6,565,398.06 plus interest in respect of a loan account claim. On or around 9 July 2019, GNI has filed an application for special leave in the High Court of Australia to appeal part of the judgement of the New South Wales Court of Appeal's judgement.

Capital Structure as on 31 March 2019

Shares on issue	9,366,977,256
Unlisted options	480,000

Board of Directors

Mr Milind K Oza – Executive Chairman
 Dr Andrew Firek – Non-executive director
 Mr Sanjay K Srivastava - Non-executive director (appointed 7 May 2019)

Mr Maurice Anghie - Ceased to be non-executive director due to death on 23 July 2019.

For Further information

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