

Quarterly Report

January to March 2015



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Highlights

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| <ul style="list-style-type: none">• Longwall 6 at Russell Vale commenced, on 5th May 2015, longwall production at the approved 365m mining area extension. |
| <ul style="list-style-type: none">• \$75 million facility from Jindal Steel & Power increased to \$100 million. |
| <ul style="list-style-type: none">• US \$94 and US \$44 million sanctioned by the lead banker, Axis Bank Limited |

Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WLC Totals	
	Jan – Mar 2015	April – Jun 2015	Jan – Mar 2015	April – June 2015	Jan – Mar 2015	April – June 2015
Development Metres	1,238	809	0	0	1,238	809
ROM Production	33,551	218,423	0	0	33,551	218,423
Saleable Production	33,551	218,423	0	0	33,551	218,423
Sales	0	70,204	0	20,000	0	90,204

Russell Vale

Due to the current difficulty with gaining UEP longwall extraction approval, the Russell Vale Colliery workforce was reduced through a voluntary and forced redundancy process.

On the 5th of May, production commenced at longwall 6, at the approved 365m mining area extension. The full UEP extraction approval from the NSW Department of Planning and Federal Department of Environment is still to be finalised.

Development for the quarter has focussed on further continuation of opening up the Maingate and tailgate entries for longwall 9 and gate road development has recommenced.

Wongawilli Colliery

The Mine continues under care and maintenance, some of its equipment is being recovered to support the Russell Vale operation. This has reduced the cash spending requirements at Russell Vale.

Health, Safety, Environment & Community

Health and Safety

It was a disappointing quarter for the company ending with an increase to the Loss Time Injury Frequency rate.

There has been a focus on the new legislation during the period with full gap analysis completed on the Health and Safety Management System and an action plan and schedule has been developed to ensure compliance to the new legislation.

There continues to be a strong safety focus on general mining activities. Hazard Identification process is continuing to manage the mining risks effectively.

Training during the quarter has focussed on general mining, Longwall 6 operator training and emergency escape refresher.



Reportable incidents that occurred during the April -June quarter were:

April

- 129(5)(n) – Rolled ankle.
- 129(5)(n) – Back strain.
- 129(5)(n) – Crushed Finger.

May

- 128(5)(a)-179(a)(xii) – Bolting platform failed to stop and was trammed off of the mono rail.
- 128(5)(a)-179(a)(xiii) – A diesel Man Car made contact with a portable air conveyor after the operator failed to dump it.

June

- 129(5)(n) – back and shoulder strain.

Environment & Community



Russell Vale Colliery

There were 3 complaints during the period. The complaints were made regarding truck noise and speeding. All matters were investigated by Wollongong Coal and were not found to be valid. This information was

relayed to complainants and no further actions were required.

On February 3, 2015, Public Hearing was held by the NSW Planning Assessment Commission (PAC) on the Preferred Project Report (PPR) for the Underground Expansion Project Pt3A (UEP) prior to releasing its Review Report on the proposal.

The PAC Review Report was submitted to the NSW Department of Planning and Environment on 8 April 2015. WCL is now preparing its response to the Recommendations in the PAC Review Report.

A Referral under the federal Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act) has been submitted to the Department of the Environment (DoE) to address relevant Matters of National Environmental Significance (MNES) that are listed in the EPBC Act and may be affected by the Underground Expansion Project longwall extraction. An EIS was placed on Public Exhibition between 28 April and 25 May 2015 with total 1941 public submissions received.

The EIS was amended to address relevant issues from the public submissions and resubmitted to the DoE for assessment on 9 July 2015. WCL is awaiting notification from DoE of the commencement of the formal assessment.

Wongawilli Colliery

There have been no environmental incidents or complaints during the quarter. All approvals remain current.

Work continues on a real time air and noise monitoring system in compliance with current approval requirements. This system will involve real time noise monitoring, weather monitoring and air quality monitoring of PM2.5 and PM10 particles. It is currently anticipated that this system will be operational by the end of 2015.

Operational Update

Russell Vale Colliery

During the Quarter the longwall 6 commenced operation. The ramp up was very successful and there were no major issues. The cut height was significantly reduced which led to a decrease in the ash content of the longwall coal produced. The Corrimal Fault was also successfully mined during the period with no issues.

Production infrastructure development continued in the Russell Vale Mains. Three gate road entries have been opened, and once approval is granted mining will commence in these areas.

The mains have been advanced inbye of 27ct in all heading. The development of the back hole has been completed. The Gate road development will be the focus moving forward.



Wongawilli Colliery

The Care and Maintenance team continues to ensure operational compliance, as well as recovering a large quantity of necessary assets to be transferred to Russell Vale Colliery.

Planning and constraints analysis is ongoing for the Wonga South Project. This is coupled with the collation of environmental data and data studies for the planning process.

Corporate & Financial

\$75 million facility agreement was increased to \$100 million

To assist the Company with its cash flow parent entity, Jindal Steel & Power (Mauritius) Limited, has increased \$75 million facility to \$100 million and renewed it until 31 March 2016.

To date, the Company has withdrawn around \$97 million and not paid any interest.

Foreign Currency Term Loan

The Company with the support of its parent entity, Jindal Group is working with its existing consortium of banks (Lenders) to obtain a Foreign Currency Term Loan of US \$630 million approximately in two Tranches.

Tranche A of US \$430 million approximately to repay existing loans (US \$400 million approximately) and facility cost and Tranche B of US \$200 million to part-finance capital expenditures.

Axis Bank Limited, the lead banker, has sanctioned their portion of US \$94 million for (Tranche A of US \$430 million) and US \$44 million (for Tranche B of US \$200 million).

Workforce Redundancies & Restructuring

While the Company continues to go through a difficult development phase, challenging market conditions, continuous delay in obtaining approvals have forced the Company to reduce its production cost further. Consequently, further 79 employees were made redundant in the month of May and July 2015. The Company remains in negotiation with remaining workforce to explore options of job-sharing and leave-taking to avoid further redundancies or putting the Russell Vale colliery under care-maintenance while it waits for approval.

Appointments and resignations of Key Management Personnel

On 8 May 2015, Mr Jasbir Singh resigned from his position of Executive Chairman and Chief Executive Officer, but remained on the board as a Non-

Executive Director. On 22 May 2015, Mr Singh further resigned as Non-Executive Director and was replaced by Mr Azad Bhura as a nominee director.

On 16 June 2015, Mr Ashish Kumar was appointed Non-Executive Director and Chairman of the board of directors.

Chief Operating Officer Mr David Stone resigned and finished his employment with the Company on 9 June 2015.

Chief Financial Controller Mr Richard Hutton finished his employment with the Company on 3 July 2015.

Capital Structure as on 30 June 2015

Shares on issue	6,894,913,576
Unlisted options	11,850,000
Unlisted Bonds (US \$50,000 face value)	200

Board of Directors

Mr Ashish Kumar – Chairman & non-executive director

Dr Andrew Firek – non-executive director

Mr Maurice Anghie – non-executive director

Mr Azad Bhura – non-executive director

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