

Quarterly Report

January to March 2015



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Contents

Highlights	3
Production and Sales	4
Russell Vale	4
Wongawilli Colliery	4
Health, Safety, Environment & Community	5
Health and Safety	5
Environment & Community	6
Operational Update	8
Wongawilli Colliery	10
Corporate & Financial	11
Cash Advances Facility	11
Foreign Currency Term Loan	11
Legal Proceedings - Updates	11
Capital Structure as on 31 March 2015	12
Board of Directors	12
For Further information	12
Business Address	12

Highlights

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| <ul style="list-style-type: none">• Russell Vale Colliery has focused on Mains Development with the mains now developed past 3 x Maingates and 2 x Tailgates, this has continued to deconstrain the development aspect of the business. |
| <ul style="list-style-type: none">• Longwall 6 at Russell Vale was commissioned and is planned to commence longwall production for the approved 365m on May 5th 2015. |
| <ul style="list-style-type: none">• US \$630 million Foreign Currency Term Loan application submitted to the existing consortium of banks. |
| <ul style="list-style-type: none">• Statement of claim for US \$86.03 million and Aus \$18.83 million from Gujarat NRE Coke Limited struck out. |
| <ul style="list-style-type: none">• Statutory demand for US \$6.57 million from Gujarat NRE India Pty Ltd set aside. |

Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WLC Totals	
	Oct – Dec 2014	Jan – Mar 2015	Oct – Dec 2014	Jan – Mar 2015	Oct – Dec 2014	Jan – Mar 2015
Development Metres	1,285	1,238	0		1,285	1,238
ROM Production	39,792	33,551	0		39,792	33,551
Saleable Production	39,792	33,551	0		39,792	33,551
Sales	0	0	0		0	0

Russell Vale

Russell Vale Colliery has continued to focus on the capital works increasing the development inventory while awaiting longwall extraction approval from the NSW Department of Planning and Federal Department of Environment. The mine shut down for a three week period at Easter to reduce spends while awaiting approval.

Development for the quarter has focussed on further advancing mains and opening up the maingate and tailgate entries for longwall 9 which has been successfully completed. There has been an increase in the operational uptime and cut rate with the maintenance and operational strategy that has been implemented over the last 12 months demonstrating continuous improvement through results.

The longwall is fully installed and commissioned in the next longwall panel (LW6). The Secondary support has been installed including a new and innovative standing support in the tailgate roadway.

Wongawilli Colliery

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

Health, Safety, Environment & Community

Health and Safety

Another positive quarter for the company ending with a continued decrease in the Loss Time Injury Frequency rate and continued adoption by the workforce of the improved health and safety management system.

Proactive leadership and active management has seen a number of high risk tasks completed with nil injuries, but there has been an increased safety focus on general mining activities where there has been an increase in soft tissue/tendon injuries.

Training during the quarter has focussed on Three-points of contact, Longwall 6 operator/tradesman refresher training, fire and emergency escape refresher and compliance based annual safety training modules.



Reportable incidents that occurred during the Jan - Mar quarter were:

January

- Jug 001 found to have a cracked exhaust pipe; cl 56(1)(m)
- SMV001 found to have a cracked exhaust water jacket; cl 56(1)(m)
- One CH4 trip on the continuous miners during production TG9 A2- 3cut through; cl 56(1)(g)
 - Roof fall A3 cut through; cl 55(c)(iv)

February

- SMV 001 cracked weld on exhaust adaptor of scrubber; cl56(1)(m)

March (introduction of new legislation classifications)

- Unintentional activation of C rig timber jack on CM001; cl 179(a)(xii)
- Eimco 9 failed Low Coolant Loss test; cl 128(5)(i)
- 3x Operator injury keeping him away from his normal duties for more than 7 days; cl 128(5)(n)

Environment & Community



At Wollongong Coal, we respect and treat the environment and our communities as integral parts of our business, and commit to upholding the highest environmental standards

Russell Vale Colliery

There were 3 complaints during the period. The complaints were made regarding coal truck issues and water pollution. All matters were investigated by Wollongong Coal and as required by the appropriate regulators.

All issues were managed satisfactorily in liaison with complainants and regulators. The issue regarding water pollution were related to discoloured groundwater discharging from the Russell Vale Emplacement area into a local creek. In liaison with the EPA, WCL has blocked the primary source of the discoloured groundwater discharge. The company is upgrading the emplacement surface water management system, and installing new pipes

to direct upstream stormwater beneath the emplacement and preventing groundwater infiltration into the pipes.

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). The PPR is similar to the original proposal which was to increase the annual production to 3 million tonnes per annum (Mtpa) including an upgrade of surface infrastructure and extraction of coal from 8 longwalls in the Russell Vale East area only.

However, to expedite the current approval process the 7 longwalls in the Russell Vale West mining area were removed from the current PPR application and will be resubmitted as part of a separate application at a later date to extend the operational life of the Colliery beyond the estimated 18 years of the original application. Once approval of the current application is received the mine life in Russell Vale East area will be extended for additional 5 years.

During the PAC Public Hearing numerous issues were raised by special interest groups, regulators and community members that required a response from WCL. This response was lodged on February 20, 2015.

The PPR, the WCL response to the PAC Hearing, along with community presentations and submissions, was then considered by the PAC as part of its assessment of the UEP. 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. The DoE has advised that a full Environmental Impact Statement (EIS) report is required for it to assess the Referral. This EIS has been submitted to DoE and has been approved Public Exhibition by 28 April 2015.

A modification of the existing Preliminary Works Pt3A (MOD 2) was submitted to the DPE on 11 April 2014 and was placed on Public Exhibition between 22 April and 13 May 2014. The application requests approval for the extraction of 400m of LW6 while the PPR is under consideration. The DPE approved

MOD2 for 365m only on 11 November 2014 and an Extraction Plan was approved by the DPE on 16 February 2015.

A Referral under the federal EPBC Act was submitted to address relevant Matters of National Environmental Significance that are listed in the EPBC Act and may be affected by MOD 2. The primary issues are potential minor impacts on threatened swamps and groundwater impacts. The Referral was approved on 24 December 2014 for 365m of LW6. The subsidence monitoring plans required under this approval were endorsed by DoE on 25 March 2015 providing full approval for extraction to commence.

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. This system will be operational by the end of 2015.

A modified Mine Operations Plan was submitted to the Division of Resources and Energy to cover the currently reduced activities on the site as a result of the Care and Maintenance status of the Colliery.

Operational Update

Russell Vale Colliery

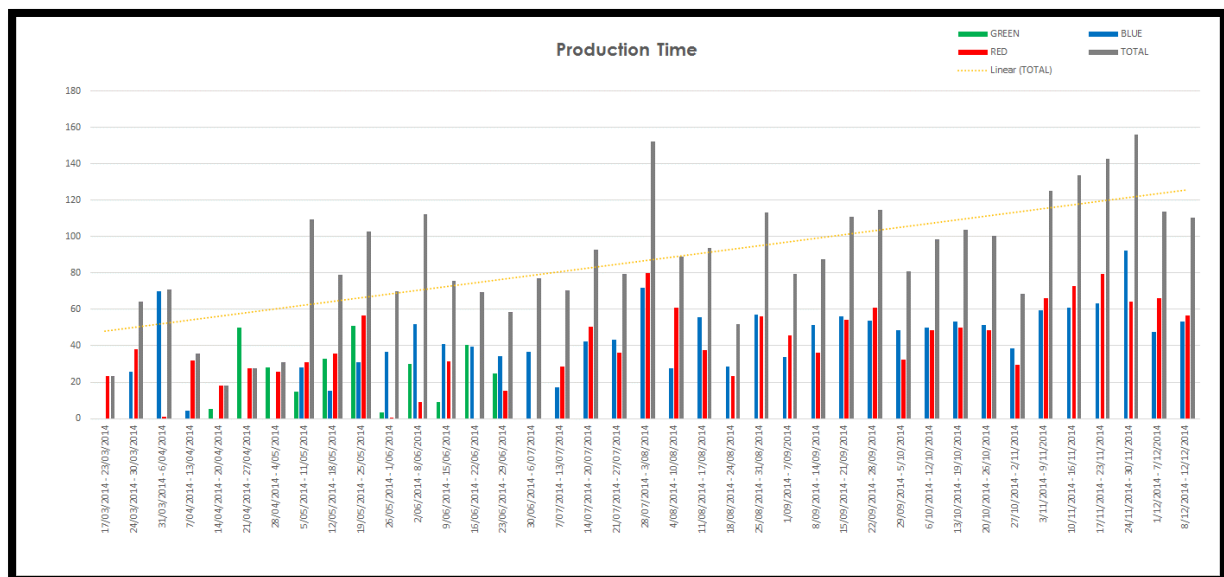
The continued implementation of the Maintenance Strategy and the Management Operating System (MOS) has increased the productivity inputs throughout the operation. This is incorporated in an unrelenting focus on the development of a high performance culture and the associated required individual and collective behaviours.

Development inventory has continued to be gained in the Russell Vale Mains. This has now opened three gate road entries which will be able to be mined when the approval is given. The Tailgate 9 and Maingate 7 entries have belts installed and are fully setup development panels ready for full production.

The maingate 7 panel belt will be developed on a longwall ready belt to reduce the time to change out the belt prior to the longwall operating. The Maingate 9 entry has the civil work to be completed for the belt installation.



The Geological issues that have been impacting on the mining rates have been negotiated and are no longer part of the development production areas. The machinery utilisation has continued to be at industry leading standards and without the geological impacts of the Dyke and the cut rate is steadily improving.



The mains have been advanced inbye of 27ct in all heading. The development of the back hole has been completed. The Russell Vale Mains will continue to be the development focus as approval to mine Maingate 7. The MG7 belt installation has been completed and the panel has been setup for full operation.

The Longwall 6 face equipment is fully installed and commissioning and awaiting extraction approvals. The majority of the workforce that will be working on the longwall has been utilised in development activities during the quarter allowing for greater utilisation of the development machinery. Areas of influence from the Balgownie goaf on the longwall 6 faceline have been consolidated in preparation for production.

Wongawilli Colliery

The Care and Maintenance team continue 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 studies data for the planning process.

Corporate & Financial

Cash Advances Facility

The Company has a short-term drawdown facility for cash advances with a limit of Aus \$75 million from its major shareholder, Jindal Steel & Power (Mauritius) Limited. To date the Company has withdrawn around \$66 million under this facility.

Foreign Currency Term Loan

The Company with the support of its major shareholder, Jindal Group is currently working with its existing consortium of banks (Lenders) to obtain a Foreign Currency Term Loan of US \$630 million approximately (FCTL) for a period of 10 years with moratorium of 3.5 years.

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

FCTL is subject to review and approval from the board of each and every Lender.

Legal Proceedings - Updates

The statement of claim filed by Gujarat NRE Coke Limited, which is part of Gujarat Group, the Company's previous largest shareholder, for the amount of around US \$86.03 million and Aus \$18.83 million as claim for damages relating to unpaid guarantee commission debit notes and coal quality debit notes has been struck out.

The statutory demand from Gujarat NRE India Pty Limited (GNIPL), which is also part of the Gujarat Group for the amount of around Aus \$6.57 million relating to alleged unpaid loans has been set aside on 16 March 2015.

The Statutory demand from PCL (Shipping) Pte Ltd for US\$3.29 million in relation to alleged liability under a charter party has been set aside on 16 February 2015.

The Company was issued with a statutory demand from Pacific National for an amount of around \$2.35 million for coal hauled from Wongawilli. The demand was issued due to breach of payment plan agreed upon. However, the Company has re-negotiated a different payment plan. Under this new arrangement, Pacific National has recently hauled around 25k tonnes of coal from Wongawilli.

The Company has managed to negotiate payment terms for two other statutory demands that were issued and remain in discussion for another one recently issued.

Capital Structure as on 31 March 2015

Shares on issue	6,894,913,576
Unlisted options	14,701,000
Unlisted Bonds (US \$50,000 face value)	200

Board of Directors

Mr Jasbir Singh, Chairman & Chief Executive Officer

Dr Andrew Firek – non-executive director

Mr Maurice Anghie – non-executive director

For Further information

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