

# WOLLONGONG COAL LIMITED

## ACN 111 244 896

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## PROSPECTUS

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For a renounceable accelerated institutional and retail entitlement issue of nineteen (19) new Shares (**New Shares**) for every twenty (20) Shares held by those Eligible Shareholders registered at the Record Date at an issue price of \$0.018 per New Share to raise up to approximately \$66,677,675 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

### IMPORTANT NOTICE

This document is important and may affect your interest in the Company, and therefore should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. Shareholders are specifically directed to Section 4.4, relating to the potential effects of the Offer.

The Shares offered by this Prospectus should be considered highly speculative.

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## CONTENTS

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1.	CORPORATE DIRECTORY .....	1
2.	TIMETABLE .....	2
3.	IMPORTANT NOTES .....	5
4.	REASONS FOR RIGHTS ISSUE AND EFFECT ON CONTROL.....	9
5.	DETAILS OF THE OFFER.....	15
6.	PURPOSE AND EFFECT OF THE OFFER.....	24
7.	RIGHTS AND LIABILITIES ATTACHING TO SHARES .....	32
8.	RISK FACTORS .....	34
9.	ADDITIONAL INFORMATION .....	45
10.	DIRECTORS' AUTHORISATION .....	59
11.	GLOSSARY .....	60

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## 1. CORPORATE DIRECTORY

### Directors

Mr Jasbir Singh (Chairman, Chief Executive Officer)

Dr Andrew Edwin Firek (Non-Executive Director)

Mr Maurice Anghie (Non-Executive Director)

### Registered Office

7 Princess Highway (Cnr Bellambi Lane)  
Corrimal NSW 2518

Telephone: + 61 2 4223 6830  
Facsimile: +61 2 4283 7368

Email: [investors@wcl.net.au](mailto:investors@wcl.net.au)  
Website: [www.wollongongcoal.com.au](http://www.wollongongcoal.com.au)

### Company Secretary

Mr Sanjay Sharma

### Share Registry\*

Boardroom Pty Limited  
Level 7, 207 Kent Street  
SYDNEY NSW 2000

Telephone: +61 2 9290 9600  
Facsimile: +61 2 9279 0664

### Solicitors\*

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### Auditor\*

Ernst & Young  
The EY Centre  
680 George Street  
SYDNEY NSW 2000

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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**2. TIMETABLE**

Event	Business day	Date
Entity requests trading halt before market open Entity announces accelerated renounceable entitlement offer with retail rights trading Entity applies for quotation (Appendix 3B) Entity lodges a Prospectus with ASIC and gives copies to ASX	0	4 November 2014
Entity conducts Institutional Offer, including the institutional component of the entitlement offer and bookbuild for shortfall from Institutional Entitlement Offer (if required)	0+	
Announcement of results of Institutional Offer Entity releases copy of Prospectus to ASX (if applicable) Trading halt lifted Trading resumes on an ex-Entitlement basis Deferred settlement trading of Rights Issue commences	3	10 November 2014
Record Date to identify security holders entitled to participate in the Offer	3	10 November 2014
Entity sends Prospectus and either personalised entitlement forms or serially numbered provisional letters of allotment on a 'nil paid' basis to persons entitled, and announces that this has been completed	7	14 November 2014
Retail Offer period opens Day before quotation of securities issued under Institutional Offer, entity provides ASX with the following: <ul style="list-style-type: none"><li>The issue date and number of securities for which quotation is sought</li><li>A statement setting out the issued capital of the entity following the issue under the Institutional Offer</li></ul> Entity provides updated Appendix 3B (if required)	8	17 November 2014
Quotation of securities issued under the Institutional Offer	9	18 November 2014

Rights trading ends	9	18 November 2014
Last day to extend Retail Offer close date	11	20 November 2014
Retail Offer close	14	25 November 2014
Announce indicative results of Retail Offer (optional)	15	26 November 2014
Announce results of retail offer	17	28 November 2014
Bookbuild for shortfall from Retail Offer, and Institutional Offer (if required)	19	2 December 2014
<p>Before quotation of Retail Offer securities (including bookbuild securities), entity provides ASX with the following:</p> <ul style="list-style-type: none"> <li>• The issue date and number of securities for which quotation is sought</li> <li>• A statement setting out the issued capital of the entity following the issue under the retail offer</li> <li>• A distribution schedule of the securities, if the issued securities form a new class</li> <li>• A statement setting out the names of 20 largest holders of this class of security and the percentage held by each, if the issued securities form a new class</li> </ul> <p>Entry, into a certificated subregister or an uncertificated subregister, as applicable, of securities to retail holders no later than this day</p> <p>Entity provides ASX updated Appendix 3B (if required)</p>	22	5 December 2014
Quotation of securities issued under Retail Offer and bookbuild	23	8 December 2014
Holding statements sent to retail holders	24	9 December 2014

\*All dates are indicative and subject to change. The Directors reserve the right to withdraw or vary the timetable without notice, including extending the Closing Date for the Retail Entitlement Offer to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer without prior

notice. The Company will apply for quotation of new Shares following allotment and commencement of quotation of New Shares is subject to confirmation from the ASX.

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### **3. IMPORTANT NOTES**

This Prospectus is dated 4 November 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or a Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.1 Overseas shareholders**

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand and Singapore may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares the subject of this Prospectus or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia, New Zealand or Singapore.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

This Offer does not constitute an offer in a place in which, or to any person to whom, it would not be lawful to make such an offer.

This Offer does not constitute an offer in the United States of America or Canada, nor does it constitute an offer to a person who is a US or Canadian Person or someone who is acting on behalf of a US or Canadian Person.

New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of new Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The Company in its absolute discretion, reserves the right to determine whether a Shareholder outside of Australia, New Zealand or Singapore has complied to be eligible and able to participate in the Offer.

In accordance with the Securities Act (Overseas Companies) Exemption Notice 2013 (NZ), a person who, on the Record Date was registered as a holder of Shares with a New Zealand address but who, as at the time of this Offer, no longer holds Shares is not eligible to participate in this Offer.

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### 3.2 Nominee

Pursuant to section 615 of the Corporations Act and for the purposes of ASX Listing Rule 7.7, the Company will, subject to ASIC's consent, appoint Argonaut Securities Pty Limited as the nominee to sell the Entitlements to which Ineligible Shareholders are entitled (**Nominee**).

Under the arrangement with the Nominee, the Company will transfer to the Nominee the rights that would otherwise be issued to Ineligible Shareholders who either accept the Offer or are otherwise entitled to acquire such rights under the Offer and the Nominee will then sell those rights and provide the proceeds of those sales (net of expenses) to the Company (or its Share Register). The Company will then distribute to each of those foreign holders their proportion of the proceeds of the sale net of expenses.

As required by section 615 of the Corporations Act, the Company will seek approval from ASIC for the appointment of the Nominee.



Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to the number of Shares sold (after deducting brokerage and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee must sell the Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

### **3.3 Risk factors**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 8 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

Detailed risk factors are set out in section 8 of this Prospectus. Some of these risk factors are serious and are relevant to any potential investment in the Company under this Offer. Shareholders are suggested to read this Prospectus in its entirety to understand the status of the Company, including the risk factors set out in section 8.

### **3.4 Forward-Looking Statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets'; 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or

anticipated in these statements. These risk factors are set out in section 8 of this Prospectus.

### **3.5 Trading Entitlements and New Shares**

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by the Company or the Share Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase Entitlements on ASX or take up or exercise Entitlements purchased on ASX or transferred from another person. If holders of Entitlements at the end of the trading period do not meet eligibility criteria, they will not be able to exercise the Entitlements and, as a result, they will receive no value for them.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

Refer to Section 5.6 for more details on trading of New Shares and Entitlements.

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#### **4. REASONS FOR RIGHTS ISSUE AND EFFECT ON CONTROL**

##### **4.1 Reasons for rights issue and effect on control**

Since November 2013, the Company has undertaken four rights issues, which have raised an approximate amount of \$135.92 million for the Company. The most recent rights issue, which closed on 17 June 2014, raised an approximate amount of \$21.76 million.

These previous rights issues have been predominantly supported by the Company's major Shareholder, the Jindal Group, which has contributed approximately \$135 million to the Company through its participation in these previous rights issues.

With the funds received from the previous rights issues, the Company has been able to:

- ensure all employees payments, including superannuation, are up to date and now getting paid on time.
- Pay outstanding statutory dues, including carbon tax, with remaining amounts being paid as per the payment plans agreed upon with the relevant authorities.
- Pay the majority of outstanding amounts owing to suppliers, with the balance of the outstanding amounts being paid as per the payment plans negotiated and agreed upon. In addition, the Company has been able to ensure that its suppliers are now getting paid as per their payment terms.
- Pay back the majority of outstanding interest payments to the Company's bankers, and the Company has successfully restructured over \$250 million in loans and facilities.
- Settle or otherwise deal with all statutory demands issued against the Company, except for statutory demands issued by Gujarat NRE India Pty Ltd, PCL Shipping and Liquidator of Bellpac. Refer to section 8.2(b) for details of each of these demands.
- Work through all winding up proceedings initiated or substituted so that they have now all been dismissed, settled or withdrawn.
- Work through all claims and legal demands issued against the Company such that they have all been settled and withdrawn, except claims from British Marine and another coal buyer for a historical shipment, for which the Company is defending its position and are therefore subject to ongoing legal action.
- Successfully negotiate the reinstatement of the coal sector job package, which was previously cancelled, with the Company receiving around \$8.6 million in payments from the relevant Government department, with a remaining \$2 million (approximately) expected to be received after meeting the balance payment criteria.

At the Company's 2014 Annual General Meeting the Chairman provided a detailed outline of some of the issues the Company has worked through in the past 12 months. A copy of the Chairman's speech is available on the ASX website.

However, the financial needs of the Company remain pressing, in particular, as the Company has previously announced to ASX, while its mining operations remain suspended.

The Directors are aware of the effect that these rights issues have had on both the capital structure of the Company, as well as the percentage interest of the Jindal Group in the Company. The Directors consider however that they have exercised proper judgement in determining the best course of action for the Company. The Directors also note that without the ongoing support of the Jindal Group, the ongoing ability of the Company to continue as a going concern would be questionable. To this end, on 6 August 2014, the Company announced the increase and extension of a cash facility previously provided by Jindal together with a reduction in the interest payable on the facility from 15% per annum to 5% per annum. The Company has currently drawn down approximately \$64 million under this facility to meet its ongoing capital requirements.

Under the current Offer, the potential exists for the Jindal Group to increase its interest in the Company from its current interest of 74.39% to up to 84.99% where no other Shareholders take up their Entitlements and none of the Shortfall is issued under the Shortfall Offer. The Directors draw to the attention of all Shareholders the potential effects on control of the Company and the intentions of the Jindal Group set out in Sections 4.4 and 4.5 of this Prospectus. The Directors consider that the disclosures in Sections 4.4 and 4.5 are consistent with disclosures made for each of the previous rights issues.

In addition, the Directors also wish to note that the pricing of this Offer and the previous rights issues have mostly been dictated by the requirements of the Company under the ASX Listing Rules, and may therefore have been conducted at a price lower than the Directors may have otherwise preferred. The potential dilution of the Offer is increased the lower the issue price under the Offer.

The Directors also note that should the Jindal Group acquire an interest greater than 90% of the Company, they may be entitled, under Australian takeovers laws, to undertake a compulsory acquisition of the Company.

Compulsory acquisition would entitle the Jindal Group, subject to compliance with the Corporations Act, to acquire all remaining Shares in the Company. However, the Directors wish to confirm that the Jindal Group has made no representation to the Company as at the date of this Prospectus that the Jindal Group would exercise any such rights if it became entitled to under the Corporations Act. On 31 October 2014, the Company provided an important update on the status of the Company in its Quarterly Activities Report for the quarter ended 30 September 2014. Shareholders are encouraged to read that report, which is available from ASX. The Company notes from that report that:

- the Company has been successful in securing a new loan facility from the London branch of the Canara Bank of US\$7.8m as the remaining balance of the restructured US\$140m banking facility the Company had with a consortium of banks, led by Axis Bank Limited; and
- the NSW Department of Planning and Approval has recommended a proposed modification to the Company's planning approval for the Russell Vale Colliery to enable an extra 400m of underground mining, enabling the mining operations to continue through to 31 December 2015.

The Directors encourage all Shareholders to consider taking up their Entitlement, and encourage Shareholders to speak to their professional advisers in relation to whether taking up their Entitlement (or selling their, Entitlement as set out in this Prospectus) is appropriate given each Shareholder's personal circumstances.

#### 4.2 Details of substantial holders

Based on the share register of the Company and the "Form 604: Notice of Change of Substantial Holder" by the Gujarat Group lodged on 28 April 2014 and the "Form 603: Notice of Initial Substantial Holder" by ICICI Bank Limited lodged on the ASX on 11 April 2014, as at the date of this Prospectus, the following are substantial Shareholders of the Company:

Shareholder	Shares	%
Jindal Steel & Power (Mauritius) Limited <sup>1</sup>	2,900,638,243	74.39%
Gujarat Group <sup>2</sup>	270,950,891	6.94%
ICICI Bank Limited	356,131,313	9.14%

**Notes:**

1. Includes Jindal Steel & Power Limited (a company incorporated in India), Jindal Steel & Power (Australia) Pty Ltd (ACN 144 630 179) and Jindal Steel & Power (Mauritius) Limited. This does not include the shares to be issued to Jindal Steel & Power (Mauritius) Limited under the Institutional Offer. Please see section 4.1 for further information in relation to this issue. In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.
2. These shares are held by Mr Arun Kumar Jagatramka, Jagatramka Family Trust, Gujarat NRE Ltd, Gujarat NRE Coke Ltd, Wong Coal Pty Ltd, NRE Resources Pty Ltd, Gujarat NRE India Pty Ltd, Vartika Pty Ltd and its associates.

#### 4.3 Effect of the Offer on voting power in and control of the Company

If all Shareholders take up all of their Entitlement under the Offer, the percentage interests in the Company held by the substantial Shareholders (as set out in the above table) would not change.

However, if some or all Shareholders other than Jindal Group do not take up some or all of their Entitlements under the Offer, then the control of the Jindal Group will increase.

As such, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by a maximum of approximately 48.7% as compared to their holdings and number of Shares on issue as at the date of this Prospectus. Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	500,000	0.013%	475,000	500,000	0.007%
Shareholder 2	1,000,000	0.026%	950,000	1,000,000	0.013%
Shareholder 3	5,000,000	0.128%	4,750,000	5,000,000	0.066%
Shareholder 4	10,000,000	0.256%	9,500,000	10,000,000	0.132%
Shareholder 5	100,000,000	2.565%	95,000,000	100,000,000	1.315%

**Notes:**

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that all Shareholders accept their Entitlements or that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted or placed via the Shortfall facility, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.
2. The table assumes that no Options were exercised prior to the Record Date.

Shareholders should note that the Jindal Group has indicated that it will participate for its full Entitlement under the Institutional Entitlement Offer and will receive its Shares as set out in the timetable in section 2 of this Prospectus.

#### 4.4 Effect on the control of the Company

The Jindal Group's present relevant interest and changes and those of its associates under several scenarios are set out in the table below.

The Jindal Group currently has an effective control position in the Company, however, given the potential change in the level of control of the Company as a result of the Jindal Group having taken up their Entitlement under the Institutional Entitlement Offer, there is a requirement to disclose the effect on the Company which may result from the Offer.

Section 4.1 of this Prospectus outlines the change in interest of the Jindal Group since November 2013 and outlines the reasons underlying the Company's continued need for capital during these past 12 months. It is noted that there will be no change in the Jindal Group's interest where 100% of Shareholders take up their Entitlement or all of any Shortfall is subsequently placed to other parties. If Eligible Shareholders or other investors apply for all of their Entitlement, this will reduce the change in the percentage holding of the Jindal Group. An analysis of the changes in the voting power in the Company for the Jindal Group under various scenarios has been undertaken to indicate its effect on the Company.

Event	Number of shares held by the Jindal Group	Voting power of the Jindal Group in the Company
Prior to settlement of the Institutional Offer	2,900,638,243	74.39%
After issue of Shares to the Jindal Group assuming no other Shareholders take up their Entitlement	5,656,244,574	84.99%
After issue of Shares to the Jindal Group assuming 50% of Shareholders take up their Entitlement under the Retail Entitlement Offer	5,656,244,574	79.34%
After issue of Shares to the Jindal Group assuming 100% of Shareholders take up their Entitlement under the Retail Entitlement Offer	5,656,244,574	74.39%

Note for each scenario, the assumption has been made that the Company's current capital structure (as outlined in section 6.5 of this Prospectus) does not change.

The shareholding and voting power details of the Jindal Group under the various scenarios in the table above show the potential for Jindal to increase its level of control by participating in the Offer.

The percentage interests of any Shareholders that do not take up some or all of their Entitlement will decrease.

The maximum level of voting power in the Company of the Jindal Group following the Offer is 84.99%. This will only occur if no other Shareholders take up their Entitlement under the Retail Component of the Entitlement Offer.

#### **4.5 Intentions of the Jindal Group**

Given the potential increase in the voting power in the Company of the Jindal Group, there is also a requirement to provide details of the Jindal Group's current intentions for the Company.

The Jindal Group has informed the Company that since it is presently supportive of the Company's current direction, it does not currently intend to make any major changes to the direction, activities or objectives of the Company, including the Company's management of its existing creditor issues as set out in this Prospectus.

The Jindal Group has been the major supporter of the Company in the previous rights issues undertaken by the Company and has contributed significant funding to the Company under those rights issues, which has helped to assist the Company manage the matters that were set out as being critical for the Company in the Prospectuses for those entitlement issues. As shown above, the Jindal Group currently holds voting power of 74.39% in the Company.

The Jindal Group has indicated that its intentions mentioned in this section are based on the facts and information regarding the Company and the general business environment which are known to it as at the date of this Prospectus. Any future decisions will, of course, be reached by the Jindal Group based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, the Jindal Group's intentions could change.

The Jindal Group has informed the Company that on the facts and circumstances presently known to it, it is supportive of the Company's proposed use of funds raised under the Offer. The Jindal Group has indicated that it is presently willing to consider any proposals the Company's Board and management may put forward as to how the Jindal Group could support and assist the Company towards reaching its objectives.

The intentions and statements of future conduct set out above must also be read as being subject to the legal obligation of the Directors at the time, including any nominees of the Jindal Group, to act in good faith in the best interest of the Company and for proper purposes and to have regard to the interests of Shareholders.

The implementation of the Jindal Group's current intentions of its ownership of the Company will be subject to the law (including the Corporations Act), the ASX Listing Rules and the Company's constitution. In particular, the requirements

of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and "related party" transactions will apply as the Jindal Group is a related party of the Company.

The Company notes that should the Jindal Group's interest in the Company increase above 90% at any time in the future, the Jindal Group may be entitled to undertake a compulsory acquisition of the remaining Shares on issue in the Company in accordance with the Corporations Act. The Jindal Group has made no representation as at the date of this Prospectus that it intends to undertake a compulsory acquisition should such a circumstance eventuate in the future.



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## 5. DETAILS OF THE OFFER

### 5.1 The Offer

The Company proposes to undertake an equity raising of up to \$66,677,675 pursuant to a pro rata offer of nineteen (19) New Shares for every twenty (20) Shares held in the Company, consisting of:

(a) an accelerated offer to Eligible Institutional Shareholder Investors of \$49,600,914 which is due to settle on 10 November 2014 (**Institutional Entitlement Offer**); and

(b) an offer to Eligible Retail Shareholders of up to \$17,076,761 (**Retail Entitlement Offer**),

(together, the **Offer**).

The Offer is being made as a renounceable entitlement issue of New Shares at an Issue Price of \$0.018 per New Share on the basis of nineteen (19) New Shares for every twenty (20) Shares held by Shareholders registered at the Record Date.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 7,603,594,465 Shares (subject to rounding) will be issued pursuant to this Offer to raise up to approximately \$66,677,675 million.

As at the date of this Prospectus the Company has 14,701,000 options on issue, out of which 2,000,000 options have vested and may have become exercisable prior to the Record Date in order to participate in the Offer.

The Company also has 200 Bonds on issue. The Bonds do not provide any rights to participate in the Offer.

Please refer to section 6.5 of this Prospectus for information on the exercise price and expiry date of the Options and Bonds on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in section 6.1 of this Prospectus.

## 5.2 Institutional Entitlement Offer

The Company will conduct the institutional component of the Offer made to the Jindal Group (**Institutional Entitlement Offer**) during the period set out in the timetable. The Jindal Group has indicated its intention to subscribe for its full entitlement under the Institutional Entitlement Offer of approximately \$49,600,914 from the issue of approximately 2,755,606,331 New Shares at an Issue Price of \$0.018 per New Share, which is due to settle on 10 November 2014. The amount payable by the Jindal Group for its New Shares is intended to be partially offset against the part repayment of the Facility provided by Jindal to the Company. The effect of this offset is that the Company will not receive the \$45m in new cash, but will instead see a reduction in its debt position as the \$45m is deemed to have been repaid. The balance of the Jindal Group's Entitlement (\$4,600,914) will be received in cash. Refer to Section 6.1 below for details of how the Facility has been used and the intended use of funds under the Offer.

New Shares are due to be issued under the Institutional Entitlement Offer on 18 November 2014.

## 5.3 Retail Entitlement Offer

The Company intends to raise up to approximately a further \$17,076,761 through the Retail Entitlement Offer.

The Entitlement of Eligible Retail Shareholders to participate in the Retail Entitlement Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Prospectus.

You may accept for a lesser number of New Shares should you wish to take up only part of your Entitlement.

Your Entitlement is renounceable which means it can be sold or transferred. Refer to Sections 5.10 and 5.11 below for details.

## 5.4 Minimum subscription

There is no minimum subscription to the Offer. However Jindal has indicated that it will again subscribe for its full entitlement of approximately \$49,600,914 under the Institutional Entitlement Offer.

## 5.5 Underwriting

The Offer is not underwritten.

## 5.6 Substantial Holders and effect on control

A summary of the current substantial Shareholders of the Company, as well as a description of the potential effect on the control of the Company and the interest of the Jindal Group is set out above in Section 4 of this Prospectus.

## 5.7 What Eligible Retail Shareholders may do

Eligible Retail Shareholders may do any of the following:

- (a) take up their full Entitlement under the Offer (please see section 5.8 below);
- (b) take up their full Entitlement under the Offer and apply for Shortfall (please see sections 5.8 and 5.9 of this Prospectus);

- (c) partially take up their Entitlement and allow the balance to lapse (please also see section 5.8 below); or
- (d) partially take up their Entitlement and sell the balance on the ASX (refer to sections 5.8 and below);
- (e) sell all or part of their Entitlement on ASX (refer to 5.11 below);
- (a) sell all or a proportion of their Entitlement other than on ASX (refer to section 5.12); or
- (f) decline to take up their Entitlement by taking no action (please see section 5.13 below).

## **5.8 If you are an Eligible Retail Shareholder and wish to take up your Entitlement in full or in part**

### **What you need to do**

If you are an Eligible Retail Shareholder and you wish to take up all or part of your Entitlement, you have the following two options. In either option, the balance of your Entitlement not taken up will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

**OPTION 1:** Submit your completed personalised Entitlement and Acceptance Form together with a cheque, bank draft or money order.

To follow this OPTION 1, you should:

- (a) complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of Shares you wish to subscribe for; and
- (b) return the Entitlement and Acceptance Form to the Share Registry (the address is below) together with a cheque, bank draft or money order which must be:
  - (i) in respect of the full Application Monies (being \$0.018 per Share multiplied by the number of Shares you wish to subscribe for – if you are not taking up all of your Entitlement you will need to calculate this amount yourself);
  - (ii) in Australian currency drawn on an Australian branch of a financial institution; and
  - (iii) made payable to 'Wollongong Coal Limited – Rights Account' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole Shares as your cleared Application Monies will pay for (and to have specified that number of Shares on your Entitlement and Acceptance Form). Alternatively, at the discretion of the Company, your Application will be rejected.

Cash payments will not be accepted. Receipts for payment will not be issued.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order is received at the Share Registry at the following address by no later than 5.00pm (Sydney Time) on the Closing Date (subject to variation):

By post to: Wollongong Coal Limited  
C/- Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

For the convenience of Eligible Retail Shareholders, a reply paid envelope addressed to the Share Registry has been enclosed with this Prospectus. If mailed in Australia, no postage stamp is required.

Entitlement and Acceptance Forms (and payments for Application Monies) may be accepted if received after the Closing Date at the absolute discretion of the Company.

Entitlement and Acceptance Forms (and payments for Application Monies) will not be accepted at the Company's registered or corporate offices.

**OPTION 2:** Submit your completed personalised Entitlement and Acceptance Form and make a direct deposit into the Company's account.

To follow this OPTION 2, you should:

- (a) complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of Shares you wish to subscribe for;
- (b) return the Entitlement and Acceptance Form to the Share Registry (the address is below); and
- (c) transfer the amount of funds equal to your Application (calculated by multiplying the number of Shares for which you are subscribing by \$0.018) to the bank account details below:

Bank Account Name: Wollongong Coal Limited Rights

BSB: 062-528

Account Number: 10380667

Ref\*: {quote the entitlement number as it appears on your Entitlement and Acceptance Form}

\*Failure to use your entitlement number as it appears on your personalised Entitlement and Acceptance Form may result in your Application Monies not being matched to your Entitlement and Acceptance Form and your Application not being processed.

Please note that you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies (the amount of your payment received will be divided by the Offer Price). It is the responsibility of Shareholders using OPTION 2 to ensure that

sufficient information is provided to enable the Company to identify the Shareholder to which the deposit relates.

Receipts for payment will not be issued.

You need to ensure that your completed Entitlement and Acceptance Form and direct deposit are received at the Share Registry and into the Company' nominated bank account set out above by no later than 5.00pm (Sydney Time) on the Closing Date (subject to variation). The completed Entitlement and Acceptance Form should be mailed to:

By post to: Wollongong Coal Limited  
C/- Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

For the convenience of Eligible Retail Shareholders, a reply paid envelope addressed to the Share Registry has been enclosed with this Prospectus. If mailed in Australia, no postage stamp is required.

Entitlement and Acceptance Forms (and application funds into the nominated bank account set out above) may be accepted if received after the Closing Date at the absolute discretion of the Company.

Entitlement and Acceptance Forms will not be accepted at the Company's registered or corporate offices.

Shareholders using OPTION 2 must ensure that they return the Entitlement and Acceptance Form as well as make payment for their Entitlement using the direct deposit facility.

In case of either OPTION 1 or OPTION 2, by taking up all or part of your Entitlement you will be deemed to have represented that you are in compliance with the relevant selling restrictions and otherwise agreed to all the terms and conditions of the Offer as set out in this Prospectus.

#### **5.9 If you wish to take up all of your Entitlement and apply for Shortfall**

Please follow the steps in section 5.8 to take up your full Entitlement. Please then follow the steps in section 5.16 to participate in the Shortfall Offer.

#### **5.10 If you are an Eligible Retail Shareholder and wish to take up part of your Entitlement and sell the balance on the ASX**

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Securities you wish to take up and follow the steps in section 5.8.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX by completing the appropriate section in the Entitlement and Acceptance Form.

#### **5.11 If you wish to sell all of your Entitlement on ASX**

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Securities under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX.

Trading of Entitlements on the ASX will be open for the period as specified in the timetable in Section 2 of this Prospectus.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

#### **5.12 If you wish to sell all or a proportion of your Entitlement other than on ASX**

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Securities, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored sub register and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Securities they wish to subscribe for, completed as set out in section 5.8 of this Prospectus.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS sub register you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Securities the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with section 5.8.

#### **5.13 If you are an Eligible Retail Shareholder and do not wish to take up your Entitlement**

Eligible Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you are an Eligible Retail Shareholder and you do not wish to take up your Entitlement, do nothing. If you do nothing, then new Shares representing your Entitlement will not be subscribed for and will be allocated to the Shortfall.

You should also note that, if you do not take up your Entitlement, then – although you will continue to own the same number of Shares and may acquire Shares – your percentage shareholding in the Company will be reduced.

#### **5.14 Who is eligible to participate in the Offer**

##### **(a) Eligible Retail Shareholders**

The Offer is only open to Eligible Retail Shareholders. Eligible Retail Shareholders are those persons who at 5.00pm (Sydney Time) on the Record Date:

- (i) have a registered address in Australia, New Zealand or Singapore;
- (ii) are not in the United States and not a US Person or acting for the account or benefit of a US Person;

- (iii) are eligible under all applicable securities laws to receive an offer under the Offer; and
- (iv) are not an Ineligible Shareholder. The Company is of the view that it is not reasonable or practicable to extend the Offer to Ineligible Shareholders, having regard to:
  - (A) the number of Ineligible Shareholders;
  - (B) the number and value of the Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
  - (C) the cost of complying with the legal requirements, and requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, the Offer is not being extended to any Shareholder with a registered address outside Australia, Singapore or New Zealand (subject to any express discretion outlined below).

The Company will notify Ineligible Shareholders of the Offer, provide them with details of the Offer and advise them that the Company is not extending the Offer to Ineligible Shareholders.

The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder where the Shareholder has an address outside Australia, Singapore or New Zealand and, therefore, able to participate in the Offer, or an Ineligible Shareholder and, therefore, unable to participate in the Offer. The Company disclaims all liability to the maximum extent permitted by law in respect of the determination as to whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Shareholder.

**(b) Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Shareholders resident in Australia, Singapore or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

New Shares to which any Eligible Retail Shareholders who are not resident in Australia, Singapore or New Zealand would otherwise be entitled to will form part of the Shortfall.

## **5.15 Implications of an Acceptance**

Returning a completed Entitlement and Acceptance Form will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;

- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, the application may not be varied or withdrawn except as required by law.

#### **5.16 Shortfall Offer**

Any Entitlement not taken up pursuant to the Retail Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.018 being the price at which Shares have been offered under the Offer.

Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for additional Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form.

The Directors will issue any Shortfall Shares at their discretion only by majority decision of the Board. Priority will be given to Eligible Shareholders who are not related parties to the Company. Neither the Jindal Group nor any party related to any Director will be able to apply for Shares under the Shortfall Offer.

#### **5.17 Withdrawal of Offer**

The Company reserves the right to withdraw the Offer at any time, in which case the Company will refund Application Monies in accordance with the Corporations Act and will do so without interest.

#### **5.18 ASX listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of this Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

#### **5.19 Allotment**

Shares issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares as soon as practicable after their issue.



## **5.20 Taxation Implications**

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with taxation implications of the Shares offered pursuant to this Prospectus.

## **5.21 Enquiries**

Any questions concerning the Offer should be directed to Sanjay Sharma, Company Secretary, on +61 2 4223 6836.

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## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$66,667,675.

It is envisaged that the Company will use the funds as set out in the below tables.

In the event that only \$49,600,914 is raised under this Prospectus (being the funds to be paid (or deemed to have been paid) from the Jindal Group), the funds raised are planned to be used in accordance with the table set out below:

Use	Amount	%
Repayment of Jindal facility drawdown <sup>1</sup>	\$45,000,000	90.72%
Salaries and employment costs (including redundancies)	\$879,586	1.77%
Repayment of past liabilities	\$879,587	1.77%
Capitalised development	\$1,082,568	2.18%
General Working Capital	\$815,022	1.64%
Operational Expenditure	\$473,624	0.95%
Costs of Offer <sup>2</sup>	\$132,225	0.27%
Administration	\$338,302	0.68%
<b>Total</b>	<b>\$49,600,914</b>	<b>100.00%</b>

**Notes:**

1. As announced to ASX on 31 October 2013, the Company has entered into a facility agreement with Jindal Steel & Power (Mauritius) Limited (**Facility**). Subsequently, on 6 August 2014, the Company announced that the Company had agreed with Jindal to increase the Facility from \$50 million to \$75 million and to renew the Facility until 31 March 2015, whilst also allowing the Company to redraw under the Facility and reducing the interest payable on the Facility from 15% per annum to 5% per annum. The Company has used the Facility to meet its working capital requirements and repay other debts, with the Facility currently drawn down to approximately \$64m. The Company has included a summary of the key terms and conditions of the Facility for Shareholders in Section 9.4(a) below.

For the information of Shareholders, funds drawn down under the Facility to be repaid have been used as follows:

Use	Amount	%
Salaries and employment costs (including redundancies)	\$12,800,000	28.44%
Repayment of past liabilities	\$13,800,000	30.67%
Capitalised development	\$7,600,000	16.89%
General Working Capital	\$2,600,000	5.78%
Operational Expenditure	\$5,100,000	11.33%
Administration	\$3,100,000	6.89%
<b>Total</b>	<b>\$45,000,000</b>	<b>100.00%</b>

2. Expenses of the Offer are expected to be met from general working capital. Refer to section 9.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

In the event that the maximum offer proceeds of \$66,677,675 are raised under this Prospectus, it is planned to use the funds raised in accordance with the table set out below:

Use	Amount	%
Repayment of facility drawdown <sup>1</sup>	\$45,000,000	67.49%
Salaries and employment costs (including redundancies)	\$5,131,857	7.70%
Repayment of past liabilities	\$6,370,582	9.55%
Capitalised development	\$4,777,937	7.17%
General Working Capital	\$2,433,704	3.65%
Operational Expenditure	\$1,415,685	2.12%
Costs of Offer <sup>2</sup>	\$132,225	0.20%
Administration	\$1,415,685	2.12%
<b>Total</b>	<b>\$66,677,675</b>	<b>100%</b>

**Notes:**

1. Refer to note 1 from the table above for information on the use of funds used under the Facility.
2. Expenses of the Offer are expected to be met from general working capital. Refer to section 9.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above tables are a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

## 6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options were exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by approximately \$21,545,450 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer. Where funds are only received from the Jindal Group, the increase in cash reserves will be by \$4,468,689;
- (b) decrease the Company's debt position by \$45,000,000 after the offset of the Entitlement of the Jindal Group against the amount drawn down under the Facility; and
- (c) increase the number of Shares on issue from 3,899,279,213 as at the date of this Prospectus to 7,603,594,465 Shares.

### 6.3 Pro-forma statement of financial position

The provisional statement of financial position as at 30 June 2014 and the provisional pro-forma statements of financial position as at 30 June 2014 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

An unaudited pro-forma statement of financial position has been prepared assuming all Entitlements are accepted, no Options were exercised prior to the Record Date and including expenses of the Offer. In addition a provisional pro-forma statement of financial position has been prepared showing the effect of the Company only issuing the Shares under the Institutional Entitlement Offer and that no Shareholders take up their Entitlements under the Retail Entitlement Offer.

The provisional pro-forma statements of financial position have been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The provisional pro-forma statement of financial position is presented in an abbreviated form, insofar as it does not include all of the disclosures required by AIFRS applicable to annual financial statements.

In addition, the basis on which the provisional pro-forma statement of financial position has been compiled is set out below:

- (a) All financial information contained in the provisional pro-forma statement of financial position has been prepared in accordance with the measurement and recognition principles under the Australian equivalents to International Financial Reporting Standard (**AIFRS**) (unless otherwise noted), although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by AIFRS applicable to annual financial reports prepared in accordance with the Corporations Act. The provisional pro-forma statement of financial position has not been audited or reviewed by an auditor.
- (b) The pro-forma balance sheets presented below are to illustrate the scenarios where the Offer will be subscribed for at the maximum value of up to \$66,677,675 and the minimum amount of \$49,600,914 is raised (being the amount raised if only the Jindal Group subscribes under the Offer).
- (c) The provisional pro-forma statement of financial position is not intended to be indicative of the financial position that would have actually occurred or the financial position expected in the future period, had events reflected herein occurred on the dates indicated. The Company is required to account for the Offer based on values at the time the Offer is completed. Therefore actual amounts recorded by the Company upon completion of the transaction will differ from those recorded in the provisional pro-forma statement of financial position.

PARTICULARS	UNAUDITED BALANCE SHEET  AS AT 30 JUNE 2014	ADJUSTMENTS FOR RIGHTS ISSUE & OTHER SIGNIFICANT FINANCING	UNAUDITED PRO- FORMA BALANCE SHEET AS AT 31 OCTOBER 2014
	\$0	\$0	\$0
<b>CURRENT ASSETS</b>			
Cash and cash equivalents Note: 1	12,558	2,506	15,064
Trade and other receivables	89,012		89,012
Inventories	8,001		8,001
Deposits	1,197		1,197
<b>TOTAL CURRENT ASSETS</b>	<b>110,768</b>		<b>113,274</b>
<b>NON CURRENT ASSETS</b>			
Deposits	385		385
Available for Sale Financial Assets	2,370		2,370
Property, plant and equipment	833,939	1,083	835,022
Exploration licenses	360		360
<b>TOTAL NON CURRENT ASSETS</b>	<b>837,054</b>		<b>838,137</b>
<b>TOTAL ASSETS</b>	<b>947,822</b>		<b>951,411</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables Note 2	82,849	- 880	81,969
Working Capital Facilities From Banks	10,965		10,965
Derivatives	118		118
Borrowings	67,066		67,066
Provisions	10,882		10,882
<b>TOTAL CURRENT LIABILITIES</b>	<b>171,880</b>		<b>171,000</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	367,179	- 45,000	322,179
Bonds	11,640		11,640
Restoration guarantee	17,148		17,148
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>395,967</b>		<b>350,967</b>
<b>TOTAL LIABILITIES</b>	<b>567,847</b>		<b>521,967</b>
<b>NET ASSETS</b>	<b>379,975</b>		<b>429,444</b>
<b>EQUITY</b>			
Contributed capital <b>Note 2</b>	845,241	49,469	894,710
Reserves	21,609		21,609
Accumulated Profit / (losses)	-486,875		-486,875
<b>TOTAL EQUITY</b>	<b>379,975</b>		<b>429,444</b>

Note 1 Cash & Cash Equivalent:		
PARTICULARS	UNAUDITED PRO-FORMA BALANCE SHEET AS AT 31 OCTOBER 2014 '(000)	
Balance As on 30.06.2014		12,558
Add : Proceeds from		
- Share Rights Issue	49,601	
- Proceeds from Offer		49,601
Add DSRA Account		
Wages and Salaries		
Interest Payment		
Estimated Expenses for the Issue	132	
Estimated expenses as per schedule	49,469	

		-49,601
<b>Pro-forma balance</b>		<b>12,558</b>
<b>Note 6 Contributed Equity</b>		
Particulars	<b>UNAUDITED PRO-FORMA BALANCE SHEET AS AT 31 OCTOBER 2014 '(000)</b>	
Balance As on 30.06.2014		845,241
Add : Proceeds from		
-Share Rights Issue		49,601
-Less Placement Costs		-132
<b>Pro-forma balance</b>		<b>894,710</b>

PARTICULARS	UNAUDITED BALANCE SHEET  AS AT 30 JUNE 2014	ADJUSTMENTS FOR RIGHTS ISSUE & OTHER SIGNIFICANT FINANCING	UNAUDITED PRO- FORMA BALANCE SHEET AS AT 31 OCTOBER 2014
	\$0	\$0	\$0
<b>CURRENT ASSETS</b>			
Cash and cash equivalents Note: 1	12,558	10,397	22,955
Trade and other receivables	89,012		89,012
Inventories	8,001		8,001
Deposits	1,197		1,197
<b>TOTAL CURRENT ASSETS</b>	<b>110,768</b>		<b>121,165</b>
<b>NON CURRENT ASSETS</b>			
Deposits	385		385
Available for Sale Financial Assets	2,370		2,370
Property, plant and equipment	833,939	4,778	838,717
Exploration licenses	360		360
<b>TOTAL NON CURRENT ASSETS</b>	<b>837,054</b>		<b>841,832</b>
<b>TOTAL ASSETS</b>	<b>947,822</b>		<b>962,997</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables Note 2	82,849	- 6,371	76,478
Working Capital Facilities From Banks	10,965		10,965
Derivatives	118		118
Borrowings	67,066		67,066
Provisions	10,882		10,882
<b>TOTAL CURRENT LIABILITIES</b>	<b>171,880</b>		<b>165,509</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	367,179	- 45,000	322,179
Bonds	11,640		11,640
Restoration guarantee	17,148		17,148
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>395,967</b>		<b>350,967</b>
<b>TOTAL LIABILITIES</b>	<b>567,847</b>		<b>516,476</b>
<b>NET ASSETS</b>	<b>379,975</b>		<b>446,521</b>
<b>EQUITY</b>			
Contributed capital <b>Note 2</b>	845,241	66,546	911,787
Reserves	21,609		21,609
Accumulated Profit / (losses)	-486,875		-486,875

<b>TOTAL EQUITY</b>	<b>379,975</b>	<b>446,521</b>
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<b>Note 1 Cash &amp; Cash Equivalent:</b>		
Particulars	<b>UNAUDITED PRO-FORMA BALANCE SHEET AS AT 31 OCTOBER 2014 '000)</b>	
Balance As on 30.06.2014		12,558
Add : Proceeds from		
- Share Rights Issue	66,678	
- Proceeds from Offer		66,678
Add DSRA Account		
Wages and Salaries		
Interest Payment		
Estimated Expenses for the Issue	132	
Estimated expenses as per schedule	66,546	
		-66,678
<b>Pro-forma balance</b>		<b>12,558</b>

<b>Note 6 Contributed Equity</b>		
Particulars	<b>UNAUDITED PRO-FORMA BALANCE SHEET AS AT 31 OCTOBER 2014 '000)</b>	
Balance As on 30.06.2014		845,241
Add : Proceeds from		
- Share Rights Issue		66,678
- Less Placement Costs		-132
<b>Pro-forma balance</b>		<b>911,787</b>

#### 6.4 Financial forecasts

The Company has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast information. The Company has concluded that, as at the date of this Prospectus, a reasonable basis does not exist for providing financial forecasts that would be sufficiently meaningful and reliable as required by the law, policy and market practice.

The financial performance of the Company in any period will be influenced by various factors that are outside the control of the Directors and that cannot, at this time, be predicted with a high level of confidence. In particular, the financial performance of the Company may be materially affected by coking coal prices, the quality of coal produced, the supply and demand for foreign and domestic coal and exchange rates.

#### 6.5 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options were exercised prior to the Record Date, is set out below.

## Shares

Capital	Number
Shares currently on issue	3,899,279,213
Shares issued under Institutional Entitlement Offer	2,755,606,331
Shares offered pursuant to the Retail Entitlement Offer	948,708,922
<b>Total Shares on issue after completion of the Offer</b>	<b>7,603,594,465</b>

## Director Options

Allocation Date	Vest Date	Expiry Date	Exercise Price	Balance
04/09/2008	04/09/2008	31/12/2016	1.60	1,000,000
29/08/2009	25/09/2009	31/12/2015	0.60	1,000,000
30/07/2010	01/04/2014	31/03/2016	1.00	1,000,000
	<b>subtotal</b>			<b>3,000,000</b>

## Employee Options

Allocation Date	Vest Date	Expiry Date	Exercise Price	Balance
09/07/2007	30/09/2015	31/12/2015	\$0.50	400,000
09/07/2007	30/09/2017	31/12/2017	\$0.50	400,000
09/07/2007	30/09/2018	31/12/2018	\$0.50	400,000
09/07/2007	30/09/2019	31/12/2019	\$0.50	400,000
09/07/2007	30/09/2020	31/12/2020	\$0.50	400,000
05/02/2009	30/09/2016	31/12/2016	\$0.50	800,000
05/02/2009	30/09/2017	31/12/2017	\$0.50	800,000
05/02/2009	30/09/2018	31/12/2018	\$0.50	800,000
05/02/2009	30/09/2019	31/12/2019	\$0.50	800,000
05/02/2009	30/09/2020	31/12/2020	\$0.50	800,000
03/02/2010	01/04/2015	30/04/2015	\$0.65	351,000
03/02/2010	01/10/2016	31/12/2016	\$0.65	320,000
03/02/2010	01/10/2017	31/12/2017	\$0.65	320,000
03/02/2010	01/10/2018	31/12/2018	\$0.65	320,000
03/02/2010	01/10/2019	31/12/2019	\$0.65	320,000
03/02/2010	01/10/2020	31/12/2020	\$0.65	320,000



29/12/2010	30/09/2016	31/12/2016	\$0.65	750,000
29/12/2010	30/09/2017	31/12/2017	\$0.65	750,000
29/12/2010	30/09/2018	31/12/2018	\$0.65	750,000
29/12/2010	30/09/2019	31/12/2019	\$0.65	750,000
29/12/2010	30/09/2020	31/12/2020	\$0.65	750,000
	<b>subtotal</b>			<b>11,701,000</b>

## Bonds

8 % Bonds-Series I	50
8 % Bonds-Series II	50
8 % Bonds-Series III	50
8 % Bonds-Services IV	50
<b>subtotal</b>	<b>200</b>

The capital structure on a fully diluted basis as at the date of this Prospectus would be 3,913,980,213 Shares and on completion of the Offer (assuming all Entitlements are accepted and Bonds not converted prior to the date of this Prospectus) would be 7,618,295,465 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

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## **7. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **7.1 General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

### **7.2 Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### **7.3 Dividend rights**

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

#### **7.4 Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

#### **7.5 Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

#### **7.6 Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

#### **7.7 Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **7.8 Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

#### **7.9 Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## **8. RISK FACTORS**

### **8.1 Introduction**

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **8.2 Company specific**

#### **(a) Going Concern risk**

Since the change in management and control in October 2013, the Company has overcome several challenges and gone under complete restructuring to cut its costs and bring operational efficiencies. However, the Company remains operating in adverse market conditions with coal prices at their lowest and high exchange rates.

With one mine under care and maintenance and another waiting many months for necessary approvals to extract coal, the Company is currently not generating any revenue and solely relying upon funds been raised from previous rights issue and funds drawn from the Facility provided by Jindal Group. As on the date of this report, the Company has withdrawn around \$64 million under that Facility.

The Company has successfully restructured more than \$250 million existing loan facilities and remain committed to obtain further funding that would be required for the continuous development of two mines.

The Directors consider that with the continuing support of the Company's largest shareholder, the Jindal Group, together with the support of the Company's lenders, the Company can successfully resolve these serious financial matters in a way that will allow the Company to continue as a going concern and to improve its financial position going forward.

#### **(b) Statutory Demands**

The Company has received a statutory demand from Gujarat NRE India Pty Limited (**GNIP**L), which is part of the Gujarat Group, the Company's previous largest shareholder, for the amount of around \$6.57 million relating to alleged unpaid loans. The Company denies the claim and has applied to the Court to set aside the statutory demand. The hearing on this matter has been concluded and the Company is awaiting judgement.

PCL (Shipping) Pte Ltd has issued a statutory demand for US\$3,293,681 in relation to alleged liability under a charter party. The Company denies the claim and has applied in the Court to set aside the statutory demand. The matter is listed in the Court for directions hearing on 3 November 2014.

Bellpac Pty Limited (Receivers and Managers Appointed) (In Liquidation) has recently issued a statutory demand for \$2,984,369.49 for the redemption of convertible bonds issued by the Company plus interest. The Company denies the claim and is currently seeking legal advice on the matter.

Where the Company is unsuccessful in having any of these statutory demands set aside, the Company will be required to pay the amounts owing to the party that issued the statutory demand.

Apart from these statutory demands, all other statutory demands that were previously served on the Company and/or its subsidiaries have been either settled (paid), withdrawn or the parties have agreed upon a payment plan.

However, the risk remains that where the Company is unable to comply with a payment plan, the Company, or any of its relevant subsidiaries, may be served with a further statutory demand. Where this was to occur, the Company would need to defend such actions and be subject to the determination of the relevant Court as to the outcome of those proceedings.

(c) **Legal Proceedings – Various**

The Company has lodged a Statement of Claim against Gujarat NRE Properties Pty Limited, Arun Kumar Jagatramka, Mona Jagatramka and GNIPL for damages/compensation in relation to dealings with the Company's property located at 64 Cliff Road, Wollongong. The matter is listed for directions hearing on 4 March 2015.

The Company has lodged a Statement of Claims against NRE Resources Pty Ltd for recovery of a debt in the sum of approximately US\$3.6 million. The matter is listed for directions hearing on 6 November 2014.

The Company has been served with a Statement of Claim from British Marine Plc for approximately US\$2.5m for alleged breach of a guarantee. The Company is defending the claim. A proceeding is listed for further court hearing from 8 December 2014 to 11 December 2014 and from 15 December 2014 to 18 December 2014.

The Company has been served with a Statement of Claim from Sino East Minerals Limited for US\$1,924,531.33 plus interest and costs for an alleged claim regarding a coal shipment. The Company denies the claim under the Contract and has filed a Commercial List Response on 5 September 2014. The proceedings are listed in Court for directions on 14 November 2014.

The Company has been served with a Statement of Claim from GNPIL for an amount of \$12,000,000 for alleged damages/restitution. The Company is denying and defending the claim. The matter is listed for directions hearing on 26 November 2014.

Great Investments Ltd has made a claim against the Company for redemption of certain convertible bonds registered in their name or payment of an estimated \$1,372,785 equitable compensation. These proceedings have been adjourned 'at large', pending finalization of Federal Court of Australia proceedings NSD 1063/2013, which relates to ownership claims by liquidator of Bellpac Pty Ltd against registered bondholders. Meanwhile the Company is seeking necessary legal advice and reviewing its options in relation to this claim.

The Company has also been the subject of a claims or demands from:

- (i) Gujarat NRE Coke Limited in the amount of US\$37m relating to issues relating to quality of coal delivered by the Company to Gujarat NRE Coke Limited. As previously stated, the Company has rejected this claim.
- (ii) Gujarat NRE Coke Limited in the amount of US\$12m and AUD\$5m relating to a corporate guarantee provided to the Company by Gujarat NRE Coke Limited. As previously stated, the Company has rejected this claim.

The Company continues to monitor these issues and take appropriate actions as required.

The risk remains that where formal proceedings are commenced and the Company is unable to successfully negotiate a resolution or defend each of the matters outlined above, or any other proceedings that have been threatened or brought against the Company, an adverse damages order may be made against the Company, or any of its relevant subsidiaries which may impact on the Company's financial position. The outcome of such proceedings would be subject to the determination of the relevant Court.

The Directors remain committed to defending or resolving these matters and enabling the Company and each of its subsidiaries, to continue as a going concern.

**(d) Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options were exercised prior to the Record Date the number of Shares in the Company will increase from 3,899,279,213 currently on issue to 7,603,594,465 assuming a full subscription. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to this prospectus being lodged of \$0.016 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

**(e) Financial accounts**

The Directors are of the opinion that due to the recently announced measures that have been put in place to improve the Company's financial position, including the injection of cash, reducing costs, the

introduction of operational efficiency and negotiations with suppliers, the Company will be able to act as a going concern.

However, if one or more of these planned measures do not eventuate or are not resolved in the Company's favour, then there will be significant uncertainty regarding the ability of the Company to continue as a going concern and pay its debts and obligations as and when they become due and payable.

If the Company 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.

(f) **Workers Compensation Claims**

The Company is also the subject of two workers compensation claims brought by former employees, totalling \$992,219. Whilst these claims should be covered under the Company's insurance policies, there is a chance that a finding may be made against the Company itself which may impact on the Company's financial position. In addition, these claims may also lead to an increase in the cost of the Company's insurance premiums and a risk that insurance will be refused in the future. As at the date of this Prospectus, the Company remains insured for these matters.

(g) **Outstanding amounts owing to the Company**

As previously disclosed the Company is owed and has made claim for an amount in excess of \$67 million by Gujarat NRE Coke Limited primarily for sale of coal by the Company to Gujarat NRE Coke Limited during the period when the Gujarat NRE Group had management power and a controlling stake in the Company and its subsidiaries.

(h) The inability of the Company to recover these funds could have a significant impact on the financial position of the Company. The Company is exploring all possible options to recover these outstanding amounts at the earliest time possible. **Coal mining production**

The Company's coal mining production and delivery is subject to conditions and events beyond its control, which could result in higher operating expenses and/or decreased production and sales.

The Company's coal mining operations are conducted at underground mines. The level of its production at these mines is subject to operating conditions and events beyond its control that could disrupt operations, affect production and the cost of mining and have a significant impact on the company's operating results. Adverse operating conditions which can curtail or adversely impact its operations include:

- (i) delays and difficulties in acquiring, maintaining or renewing operating permits, licenses or mining rights;
- (ii) changes or variations in geologic conditions, such as the presence of faults, intrusions, changes in the thickness of the coal deposits and their quality, along with changes in the geology of the floor and roof stratum forming the coal deposits;
- (iii) mining and processing equipment failures and unexpected maintenance problems;

- (iv) limited availability of mining and processing equipment and parts from suppliers;
- (v) interruptions due to transportation delays or disruptions in the transport chain, whether road, rail, port, infrastructure or ocean freight;
- (vi) adverse weather and natural disasters, such as strong winds, heavy rains and flooding;
- (vii) the unavailability of qualified labour;
- (viii) shortages or delays in the availability of mining equipment;
- (ix) strikes and other labour-related interruptions; and
- (x) unexpected mine safety accidents.

The Company's mines have experienced adverse operating conditions in the past, such as the geologic conditions that caused severe roof fall at the longwall face in late February 2014, which eventually resulted in Wongawilli mine been put under care and maintenance.

There has been no longwall production at Russell Vale mine since completing of extraction of coal from Longwall block 5 in December 2013 due to delays in obtaining necessary approvals for extraction of further longwall blocks.

If any of these conditions or events occur in the future at any of The Company's mines or affect deliveries of its coal to customers, they may increase The Company's cost of mining and delay or halt production at particular mines or sales to its customers either permanently or for varying lengths of time, which could adversely affect its operating results.

(i) **Inaccurate coal reserve estimates**

Inaccuracies in the Company's estimates of its coal reserves could result in decreased profitability from lower than expected revenues or higher than expected costs.

The Company's future performance depends on, among other things, the accuracy of its estimates of its proven and probable coal reserves. The Company bases its estimates of reserves on engineering, economic and geological data assembled, analysed and reviewed by internal and third-party engineers and consultants in accordance with applicable listing standards. The Company updates its estimates of quantity and quality of proven and probable coal reserves to reflect the production of coal from reserves, updated geological models and mining recovery data, the tonnage contained in new lease areas acquired and estimated costs of production and sales prices. There are numerous factors and assumptions inherent in estimating the quantities and qualities of, and costs to mine, coal reserves, including many factors beyond the Company's control, including the following:

- (i) quality of the coal;



- (ii) geological and mining conditions, which may not be fully identified by available exploration data and/or may differ from our experiences in areas where the Company currently mines;
- (iii) the percentage of coal ultimately recoverable;
- (iv) the assumed effects of regulation, including the issuance of required permits, licenses, taxes, including severance and excise taxes and royalties, and other payments to governmental agencies;
- (v) assumptions concerning the timing for the development of the reserves; and
- (vi) assumptions concerning equipment and productivity, future coal prices, operating costs, including for critical supplies such as fuel, tires and explosives, capital expenditures and development and reclamation costs.

As a result, estimates of the quantities and qualities of economically recoverable coal attributable to any particular group of properties, classifications of reserves based on risk of recovery, estimated cost of production, and estimates of future net cash flows expected from these properties as prepared by different engineers, or by the same engineers at different times, may vary materially due to changes in the above factors and assumptions. Actual production recovered from identified reserve areas and properties, and revenues and expenditures associated with our mining operations, may vary materially from estimates. Any inaccuracy in the Company's estimates related to its reserves could result in decreased profitability from lower than expected revenues and/or higher than expected costs.

(j) **Jindal Option Offtake Agreement**

In May 2012, the Company and Jindal Steel & Power Limited (a company incorporated in India) (**Jindal**) entered into an option offtake agreement (as amended in August 2012) (**Existing Jindal Option Offtake Agreement**) pursuant to which the Company granted Jindal an option to offtake a certain quantity of coal product from the Company's coal mines located in New South Wales, for a period of 10 years.

The Company, Wongawilli Coal and Jindal have now agreed to enter into a new option offtake agreement (**Jindal Option Offtake Agreement**) pursuant to which the Company and Wongawilli Coal will grant to Jindal an option (**Option**) to offtake certain quantities of Product from the Company's coal mines located in New South Wales.

The Company and Wongawilli Coal are herein together referred to as the **Seller**.

The Existing Offtake Agreement will continue until such time as Jindal exercises the Option, at which time the Existing Offtake Agreement will automatically terminate. The material terms of the Jindal Option Offtake Agreement are set out in section 9.4(c) of this Prospectus.

The loss of or any impairment in the ability of an offtake partner to purchase the Company's coking coal would adversely impact its revenues and profitability unless the Company was able to locate

alternative customers for its coal. Furthermore, as the Company increases production from its mines, there is no assurance that the offtake partner will be able to and have the desire to purchase all of its increased volumes of coal.

(k) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

**8.3 Industry specific**

(a) **Obtaining and renewal of necessary approvals**

The Company may be unable to obtain and renew the approvals and licenses necessary for its operations, which would reduce its production, cash flow and profitability.

Mining companies must obtain and renew numerous approvals licenses and operating permits that impose strict regulations on various environmental and safety matters in connection with coal mining. These include approvals and licenses issued by various local agencies and regulatory bodies. The Company has experienced production delays, in the past, as a result of delays in obtaining operating permits. The approving rules are complex and may change over time, making its ability to comply with the applicable requirements more difficult or even impossible, thereby precluding continuing or future mining operations. Private individuals and the public have certain rights to comment upon, submit objections to, and otherwise engage in the approval process, including through court intervention. Accordingly, the approvals and licenses the Company need may not be issued, maintained or renewed, or may not be issued or renewed in a timely fashion, or may involve requirements that restrict its ability to conduct its mining operations. Additionally, these approvals, licenses and operating permits may be amended, or additional approvals, licenses and operating permits may be required imposing costly compliance conditions. An inability to conduct its mining operations pursuant to applicable approvals would reduce its production, cash flow and profitability.

(b) **Coal Prices**

Coal prices are subject to change and a substantial or extended decline in coal prices could reduce the Company's revenues and the value of its coal reserves.

The marketability of coal production depends, in large part, upon the demand from the international marketplace. The majority of the Company's coal is currently sold to Jindal Group, for use primarily in India and any downturn, instability or volatility in those markets may adversely impact the price the Company receives for the Company's coal. The Company's profitability and results of operations are substantially dependent upon the prices the Company receives for the Company's coal. The prices the Company receives for coal depends upon factors beyond the Company's control, including:

- (i) the supply of and demand for domestic and foreign coal;
- (ii) uncertainty of development of projects and exploration results;
- (iii) domestic and foreign demand for steel and the continued financial viability of the domestic and/ or foreign steel industry;
- (iv) domestic and foreign economic slowdowns;
- (v) the relative strength of the Australian dollar to the US dollar;
- (vi) the proximity to, capacity of and cost of transportation facilities;
- (vii) domestic and foreign governmental regulations and taxes;
- (viii) the quantity and quality of coal available from its competitors;
- (ix) regulatory, administrative, and judicial decisions;
- (x) the price and availability of alternative fuels, including the effects of technological developments;
- (xi) weather conditions; and
- (xii) the effect of worldwide energy conservation measures.

The Company's coal is typically sold in US dollars and a strengthening of the Australian dollar relative to the US dollar will adversely impact the Company's returns. To manage the exposure of the Company to price risks in the marketing of coal, the Company may, from time to time, enter into coal price and/or foreign currency hedging arrangements with respect to its production. While intended to reduce the effects of volatile coal prices, these arrangements may limit potential gains if coal prices were to rise substantially over the price established by the hedge. In addition, such transactions may expose the Company to the risk of financial loss. Declines in the prices the Company receives for its coal could adversely affect its operating results and its ability to generate the cash flows it requires to improve its productivity and invest in its operations.

(c) **Future Capital Raisings**

In the future, the Company may not be able to raise all of the capital required for its operations.

The Company expects that it will need to make significant capital investment in both of its mines. The Company's ability to meet its capital requirements depends on numerous factors including the success of mining results, stock market conditions and prices for coal. Depending on the Company's ability to generate free cash flow from its operations, the Company may require further equity and debt financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional capital or financing as needed, it may be required to reduce the scope of its operations and scale back its mining programs, which may adversely affect its future profits.

(d) **Operating costs**

Operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any of the following events, among the other events and uncertainties described in this Prospectus, could affect the ultimate accuracy of such estimates and result in an increase in actual operating costs incurred:

- (i) unanticipated changes in grade and tonnage of ore to be mined and processed;
- (ii) incorrect data on which engineering assumptions are made;
- (iii) equipment delays;
- (iv) labour negotiations;
- (v) changes in government regulation (including regulations regarding prices, costs of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exploration of minerals); and
- (vi) title claims.

(e) **Exploration, development, mining and processing risks**

The tenements of the Company are at various stages of exploration, and potential investors should understand that exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future or will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the tenements, a reduction in the base reserves of the Company and possible relinquishment of the tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be

realised in practice, which may materially and adversely affect the Company's viability.

#### **8.4 General risks**

In addition to the specific risks outlined above, there are general risks associated with the Company's existing and proposed business operations and risks associated with the Offer.

The value of the Company's Shares is affected by a number of general factors which are beyond the Company's or the Board's control.

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, local and international economic conditions and general investor sentiment.

##### **(a) Rising energy and commodity costs**

The Company has significant commodity (diesel) and energy (gas and electricity) requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. A number of factors (particularly the strength of the US dollar) may lead to an increase in commodity and energy costs, which may materially adversely affect the earnings of the Company.

##### **(b) Specific Environmental Issues**

The Company's mining operations will be subject to extensive Australian health and safety and environmental laws and regulations which could impose significant costs and burdens on the Company (the extent of which cannot be predicted). These laws and regulations provide for penalties and other liabilities for violation of such standards and if established, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety and environmental laws and regulations and even permanently in the case of extreme breaches.

##### **(c) Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

##### **(d) General equity market risk**

The value of the Company's Shares, including New Shares to be issued under the Offer, may fluctuate. In recent times, the extent of the volatility in the price of the Company's Shares and the wider market has been significant.

Investments in equity markets are generally speculative in nature and potential investors should carefully consider this risk before making any investment in Shares.

There is no guarantee that the Shares will trade at or above the price pursuant to the Offer. Potential investors should also note that past performance of the Shares on ASX provides no guidance as to the future performance of these Shares on ASX.

Many factors will affect the price of securities including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, the commencement of, or escalation in, any war, armed conflict, hostilities between nations, civil unrest or terrorist activities may affect the price of Shares.

(e) **Economic factors**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(f) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

## **8.5 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## 9. ADDITIONAL INFORMATION

### 9.1 Litigation

Section 7.2 provides a detailed outline of various litigation actions, including winding up proceedings, general legal proceedings, workers compensation claims and general demands that have been served on the Company.

Since the first of this series of rights issues was lodged in November 2013, the Company has worked to settle or otherwise defend a number of the matters brought against it, or demands that have been served on the Company. The Company will update the market should there be any material update on the matters outlined below. In addition, the Company is in receipt of various demands from some of its creditors which could result in further claims being made against the Company.

The Directors have remained actively engaged with the Company's creditors to resolve any existing or potential claims and to implement a process by which the Company can manage the repayment of outstanding amounts to the satisfaction of creditors and the Company.

#### (a) Winding up proceedings - dismissed

As previously announced, winding-up proceedings against the Company were dismissed by the Supreme Court of New South Wales on Friday the 5<sup>th</sup> September 2014.

The winding-up proceedings against the Company were originally initiated by RUS Mining (**RUS**) in October 2013. The Company settled the matter with RUS but the winding-up proceedings were substituted by UIL (Singapore) Pte Ltd (**UIL**).

After the matter with UIL was settled, PCL (Shipping) Pte Ltd (**PCL**) made an application to be substituted for those proceedings to wind-up the Company for an alleged debt of approximately US\$3.2 million.

The matter to determine whether PCL should be permitted to be substituted was listed in Supreme Court of NSW on 29 July 2014, which was adjourned to the next hearing date on 5<sup>th</sup> September 2014.

After due consideration, the Supreme Court of NSW made following orders:

1. PCL was given leave to discontinue its application to be substituted as plaintiff in winding-up proceedings against the Company;
2. PCL was ordered to pay WCL's costs of its substitution application;
3. Arun Kumar Jagatramka's and NRE Resources Pty Ltd's applications to have the proceeding adjourned to allow them to file a substitution application, and under s459R of the Corporations Act 2001 to extend time for the winding-up application to be concluded, were dismissed; and
4. The originating process to have WCL wound-up was dismissed.

Other winding-up proceedings commenced by IPower Solutions and Elton Conveyors were settled and withdrawn too.

(b) **Statutory Demands**

The Company has received a statutory demand from Gujarat NRE India Pty Limited (**GNIPIL**), which is part of the Gujarat Group, the Company's previous largest shareholder, for the amount of around \$6.57 million relating to alleged unpaid loans. The Company denies the claim and has applied to the Court to set aside the statutory demand. The hearing on this matter has been concluded and the Company is awaiting judgement.

PCL (Shipping) Pte Ltd has issued a statutory demand for US\$3,293,681 in relation to alleged liability under a charter party. The Company denies the claim and has applied in the Court to set aside the statutory demand. The matter is listed in the Court for directional hearing on 3 November 2014.

Bellpac Pty Limited (Receivers and Managers Appointed) (In Liquidation) has recently issued a statutory demand for \$2,984,369.49 for the redemption of convertible bonds issued by the Company plus interest. The Company denies the claim and currently seeking legal advice on the matter.

Apart from these statutory demands, all other statutory demands that were previously served on the Company and/or its subsidiaries have been either settled (paid), withdrawn or the parties have agreed upon a payment plan.

(c) **Legal Proceedings – Various**

The Company has lodged a Statement of Claim against Gujarat NRE Properties Pty Limited, Arun Kumar Jagatramka, Mona Jagatramka and GNIPIL for damages/compensation in relation to dealings with the Company's property located at 64 Cliff Road, Wollongong. The matter is listed for directions hearing on 4 March 2015.

The Company has lodged a Statement of Claims against NRE Resources Pty Ltd for recovery of a debt in the sum of approximately US\$3.6 million. The matter is listed for directions hearing on 6 November 2014.

The Company has been served with a Statement of Claim from British Marine Plc for approximately US \$2.5m for alleged breach of a guarantee. The Company is defending the claim. A proceeding is listed for further court hearing from 8 December 2014 to 11 December 2014 and from 15 December 2014 to 18 December 2014.

The Company has been served with a Statement of Claim from Sino East Minerals Limited for US\$1,924,531.33 plus interest and costs for an alleged claim regarding a coal shipment. The Company denies the claim under the Contract and has filed a Commercial List Response on 5 September 2014. The proceedings are listed in Court for directions on 14 November 2014.

The Company has been served with a Statement of Claim from GNPIIL for an amount of \$12,000,000 for alleged damages/restitution. The



Company is denying and defending the claim. The matter is listed for directions hearing on 26 November 2014.

Great Investments Ltd has made a claim against the Company for redemption of certain convertible bonds registered in their name or payment of an estimated \$1,372,785 equitable compensation. These proceedings have been adjourned 'at large', pending finalization of Federal Court of Australia proceedings NSD 1063/2013, which relates to ownership claims by liquidator of Bellpac Pty Ltd against registered bondholders. Meanwhile the Company is seeking necessary legal advice and reviewing its options in relation to this claim.

The Company has also been the subject of a claims or demands from:

- (i) Gujarat NRE Coke Limited in the amount of US\$37m relating to issues relating to quality of coal delivered by the Company to Gujarat NRE Coke Limited. As previously stated, the Company has rejected this claim.
- (ii) Gujarat NRE Coke Limited in the amount of US\$12m and AUD\$5m relating to a corporate guarantee provided to the Company by Gujarat NRE Coke Limited. As previously stated, the Company has rejected this claim.

The Company continues to monitor these issues and take appropriate actions as required.

(d) **Workers Compensation Claims**

The Company is also the subject of two workers compensation claims brought by former employees, totalling \$992,219. Whilst these claims should be covered under the Company's insurance policies, there is a chance that a finding may be made against the Company itself which may impact on the Company's financial position. In addition, these claims may also lead to an increase in the cost of the Company's insurance premiums and a risk that insurance will be refused in the future. As at the date of this Prospectus, the Company remains insured for these matters.

(e) **Outstanding amounts owing to the Company**

As previously disclosed the Company is owed and has made claim for an amount in excess of \$67m by Gujarat NRE Coke Limited primarily for sale of coal by the Company to Gujarat NRE Coke Limited during the period when the Gujarat NRE Group had management power and a controlling stake in the Company and its subsidiaries.

The inability of the Company to recover these funds could have a significant impact on the financial position of the Company. The Company is exploring all possible options to recover these outstanding amounts at the earliest time possible.

## 9.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any

information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

<b>Date</b>	<b>Description of Announcement</b>
31/10/2014	Quarterly Report – 30 September 2014
29/10/2014	Press Release - Proposed Modification
16/09/2014	Executive Services Agreements
08/09/2014	Winding up proceedings dismissed
01/09/2014	Update Constitution of the Company
29/08/2014	Chairman Speech at annual general meeting
29/08/2014	Results of Annual General Meeting
06/08/2014	Facility Agreement (Cash Advances)
04/08/2014	Unaudited Management Accounts Release 30 June 2014
31/07/2014	Quarterly Activities Report
28/07/2014	Notice of Annual General Meeting – Proxy Form
28/07/2014	Notice of Annual General Meeting
24/06/2014	Appendix 3B 24 June 2014
24/06/2014	Annual Report 31 March 2014

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website, [www.wollongongcoal.com.au](http://www.wollongongcoal.com.au).

### **9.3 Market price of shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

<b>Highest</b>	\$0.029	14 August 2014
<b>Lowest</b>	\$0.015	31 October 2014
<b>Last</b>	\$0.016	3 November 2014

### **9.4 Material contracts**

The following are summaries of the significant terms of the material agreements which relate to the business of the Company or its subsidiary, Wongawilli Coal.

#### **(a) Facility Agreement with Jindal**

On 31 October 2013, the Company announced that it had entered into a Facility Agreement with Jindal, pursuant to which Jindal agreed to provide the Company with a short term draw down facility to enable the Company to meet its operational and working capital needs (**Facility Agreement**).

Subsequently, on 6 August 2014, the Company announced to ASX that it had agreed with Jindal to vary the terms of the Facility Agreement to increase the limit from \$50,000,000 to \$75,000,000 and extend the Facility Agreement to 31 March 2015. The parties also agreed to vary the Facility Agreement to allow the Company to redraw any amounts repaid and reduce the interest payable on amounts drawn down to 5% per annum.

The facility may be drawn down in tranches of \$500,000 at the discretion of Jindal to provide immediate short term funding. As at the date of this prospectus, we are instructed that the Company has drawn down an amount of approximately \$64 million under the Facility Agreement.

The other material terms of the amended Facility Agreement include that:

- (i) the funds can only be used for the payment of the Company's operational payments, including payment of wages and other operational costs in relation to the Company's business and must not be used to make any payments to any members of the Gujarat NRE Group;
- (ii) the Company must make monthly interest payments, calculated at 5%pa of the outstanding balance; and
- (iii) other terms as considered standard for an agreement of this type, including voluntary repayment, undertakings, indemnities, representations and warranties.

(b) **Option Off-take Agreement with Gujarat NRE Coke Limited**

The key terms of the Gujarat Option Offtake Agreement are as follows:

- (i) (**Option**): In consideration for the sum of \$10 payable by Gujarat NRE Coke to each of the Company and Wongawilli Coal, the Seller will grant to Gujarat NRE Coke a right, during the Option Term, to offtake Product and upon Gujarat NRE Coke exercising its right to offtake the Product, the Seller will sell and deliver the Product to Gujarat NRE Coke.
- (ii) (**Option Term**): The Gujarat Option Offtake Agreement will commence on the date on which the Jindal Option Offtake Agreement commences and will continue until the end of life of mines of the Company.
- (iii) (**shareholder approval**): The Company must seek Shareholder approval pursuant to ASX Listing Rule 10.1 to authorise the transactions contemplated by the Gujarat Option Offtake Agreement and the Jindal Option Offtake Agreement.
- (iv) (**quantity**): Subject to the exercise of the Option, the maximum quantity of Product which the Seller will sell and deliver to Gujarat NRE Coke will be determined as follows:

- (A) where the Gujarat NRE Group shareholding in the Company is 40% or more, 40% of the Product in tonnes produced by the Seller in an option year; or
- (B) where the Gujarat NRE Group shareholding in the Company is less than 40%, the lesser of:
  - (I) 40% of the coal product in tonnes produced by the Company in an option year; and
  - (II) 1,000,000 tonnes of Product.

Gujarat NRE Coke shall advise the quantity of Product it proposes to take during the ensuing calendar quarter and the time schedule for deliveries during that calendar quarter.

- (v) **(price)**: The quarterly free on board (**FOB**) price of the Product in United States dollars shall be determined based on the following formula:

FOB Price = Benchmark Rate x 0.55

Where:

**Benchmark Rate** means:

- (A) if the Product meets the agreed specifications, the FOB rate of German Creek prime hard coking coal of Anglo American for Japanese Steel Mills for a calendar quarter; or
  - (B) if the Product does not meet the agreed specifications, the rate as mutually agreed to by the parties which shall be based on the prevailing market price of similar coal landed at any east coast port in India.
- (vi) **(termination)**: The Gujarat Option Offtake Agreement will terminate in the following circumstances:
    - (A) by mutual consent by all of the parties;
    - (B) termination by the Seller jointly due to breach of:
      - (I) any of the covenants, representations and warranties by Gujarat NRE Coke; or
      - (II) breach of provisions of the Gujarat Option Offtake Agreement, where such breach is not remedied by Gujarat NRE Coke within 30 days of receiving notice from the Seller;
    - (C) termination by Gujarat NRE Coke due to breach of:
      - (I) any of the covenants, representations and warranties by the Seller; or
      - (II) breach of provisions of the Gujarat Option Offtake Agreement, where such breach is not

remedied by the Seller within 30 days of receiving notice from Gujarat NRE Coke; or

- (D) if Shareholder approval is not obtained within 45 days of signing of the Gujarat Option Offtake Agreement the agreement will terminate immediately. The approval was obtained at the general meeting on 16 October 2013.
- (vii) **(assignment)**: The Seller shall not at any time assign the Gujarat Option Offtake Agreement or any of its rights or obligations thereunder. Gujarat NRE Coke may assign any of its rights to one of its affiliates or nominees.

The Gujarat Option Offtake Agreement contains other terms and conditions typical to an agreement of this nature.

(c) **Option Off-take Agreement with Jindal Steel & Power Limited**

The key terms of the Jindal Option Offtake Agreement are as follows:

- (i) **(Option)**: In consideration for the sum of \$10 payable by Jindal to each of the Company and Wongawilli Coal (together the **Seller**), the Seller will grant to Jindal a right, during the Option Term, to offtake Product and upon Jindal exercising its right to offtake the Product, the Seller will sell and deliver the Product to Jindal.
- (ii) **(Option Term)**: The Jindal Option Offtake Agreement commence on such date, following receipt of Shareholder approval, as notified by Jindal to the Seller and will continue until the end of life of mines of the Company.
- (iii) **(shareholder approval)**: The Company must seek Shareholder approval pursuant to ASX Listing Rule 10.1 to authorise the transactions contemplated by the Jindal Option Offtake Agreement and the Gujarat Option Offtake Agreement. The approval was obtained at the general meeting on 16 October 2013.
- (iv) **(quantity)**: Subject to the exercise of the Option, the maximum quantity of Product which the Seller will sell and deliver to Jindal will be determined as follows:
  - (A) where the Gujarat NRE Group shareholding in the Company is 40% or more, 60% of the Product in tonnes produced by the Seller in an option year; or
  - (B) where the Gujarat NRE Group shareholding in the Company is less than 40%, the Product in tonnes produced by the Company in an option year minus the lesser of:
    - (I) 40% of the coal product in tonnes produced by the Company in an option year; and
    - (II) 1,000,000 tonnes of Product.

Jindal shall advise the quantity of Product it proposes to take during the ensuing calendar quarter and the time schedule for deliveries during that calendar quarter.

- (v) **(price)**: The quarterly free on board (**FOB**) price of the Product in United States dollars shall be determined based on the following formula:

FOB Price = Benchmark Rate x 0.55

Where:

**Benchmark Rate** means:

- (A) if the Product meets the agreed specifications, the FOB rate of German Creek prime hard coking coal of Anglo American for Japanese Steel Mills for a calendar quarter; or
  - (B) if the Product does not meet the agreed specifications, the rate as mutually agreed to by the parties which shall be based on the prevailing market price of similar coal landed at any east coast port in India.
- (vi) **(termination)**: The Jindal Option Offtake Agreement will terminate in the following circumstances:
- (A) by mutual consent by all of the parties;
  - (B) termination by the Sellers jointly due to breach of:
    - (I) any of the covenants, representations and warranties by Jindal; or
    - (II) breach of provisions of the Jindal Option Offtake Agreement, where such breach is not remedied by Jindal within 30 days of receiving notice from the Seller;
  - (C) termination by Jindal due to breach of:
    - (I) any of the covenants, representations and warranties by the Seller; or
    - (II) breach of provisions of the Jindal Option Offtake Agreement, where such breach is not remedied by the Seller within 30 days of receiving notice from Jindal; or
  - (D) if Shareholder approval is not obtained within 45 days of signing of the Jindal Option Offtake Agreement the agreement will terminate immediately. The approval was obtained at the general meeting on 16 October 2013.
- (vii) **(assignment)**: The Seller shall not at any time assign the Jindal Option Offtake Agreement or any of its rights or obligations thereunder. Jindal may assign any of its rights to one of its affiliates or nominees.

The Jindal Option Offtake Agreement contains other terms and conditions typical to an agreement of this nature.

## 9.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
Mr Jasbir Singh	Nil	Nil	Nil	Nil
Dr Andrew Firek	1,207,523 <sup>1</sup>	1,500,000	1,147,147	20,649
Mr Maurice Anghie	685,000 <sup>2</sup>	1,500,000	650,750	11,714

#### **Notes:**

1. Including shares held by Andrew Firek, Mrs M Firek and Florims Pty Limited, of which Dr Firek is a director.
2. Being Shares held by Shendo Investments Pty Ltd, of which Mr Maurice Anghie is a director.

None of the Directors hold any of the bonds issued by the Company.

The Board recommends all Shareholders take up their Entitlements.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in



general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$1,000,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2013	2014 (up to 30 Sep 2014)	2015 (proposed)
Mr Jasbir Singh	Nil	\$795,962.50 <sup>3</sup>	\$935,838 <sup>5</sup>
Dr Andrew Firek	\$202,490 <sup>1</sup>	\$84,062.50 <sup>4</sup>	\$169,338 <sup>6</sup>
Mr Maurice Anghie	\$194,315 <sup>2</sup>	\$84,062.50 <sup>4</sup>	\$169,338 <sup>6</sup>

**Notes:**

1. This amount includes cash salary and fees of \$145,000, superannuation including salary sacrifices of \$13,050 and share based payments of \$44,440 worth of options.
2. This amount includes cash salary and fees of \$137,500, superannuation including salary sacrifices of \$12,375 and share based payments of \$44,440 worth of options.
3. This amount includes fees of \$77,500, superannuation including salary sacrifices of \$6,562.50 paid. Cash salary of \$650,137 and superannuation of \$61,763 for a period between 26 October 2013 and 30 September 2014 have been accrued but not paid. Other non-cash benefits (accommodation and vehicle) are not included.
4. These amounts include cash salary and fees of \$77,500, superannuation including salary sacrifices of \$6,562.50. Any share based payments are not included.
5. These amounts include cash salary, fees and superannuation including salary sacrifices. Other non-cash benefits (accommodation and vehicle) are not included.
6. These amounts include cash salary, fees and superannuation including salary sacrifices. Any share based payments are not included.

## 9.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Argonaut Securities Pty Limited will be paid a fee of approximately \$20,000 in respect of its services as the Nominee to this Offer.

## **9.7 Consents**

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; or
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Argonaut Securities Pty Limited has given its written consent to being named as the nominee to the Company in this Prospectus. Argonaut Securities Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC. Argonaut Securities Pty Limited has not authorised the issue of the Prospectus and has not made any statement that is included in the Prospectus or any statement on which a statement made in the Prospectus is based.

## **9.8 Expenses of the offer**

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$132,225 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,290
ASX fees	51,000
Nominee fees	20,000
Legal fees	40,000
Printing and distribution	18,935
<b>Total</b>	<b>132,225</b>

## 9.9 Electronic prospectus

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 (2) 4223 6836 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.wollongongcoal.com.au](http://www.wollongongcoal.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 9.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## 9.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate

distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**10. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

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**Jasbir Singh**  
**Chairman, Chief Executive Officer**  
**For and on behalf of**  
**Wollongong Coal Limited**

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## 11. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application Monies** means money submitted by Applicants in respect of the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Bond** means a bond in the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus for the closure of the Retail Entitlement Offer (unless extended).

**Company** or **WLC** means Wollongong Coal Limited (ACN 111 244 896).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Institutional Shareholder** means an Institutional Shareholder selected by the Company to whom Listing Rule 7.7.1(a) does not apply and who has successfully received an offer under the Institutional Entitlement Offer.

**Eligible Retail Shareholder** means a Shareholder on the Record Date who:

- (a) is an Eligible Retail Shareholder in accordance with section 5.14(a).
- (b) is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder; and
- (c) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Notwithstanding the above, the Company and the Underwriter may agree to extend the Retail Entitlement Offer to certain Institutional Shareholders who did not participate in the Institutional Entitlement Offer or to other retail shareholders (subject to compliance with applicable laws).

**Eligible Shareholder** means a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer to subscribe for new Shares under this Prospectus.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Existing Jindal Option Offtake Agreement** means as defined in section 8.2(j) of this Prospectus.

**Gujarat NRE Group** means Gujarat NRE Coke Limited, Wonga Coal Pty Ltd, Gujarat NRE Limited, Gujarat NRE India Pty Ltd, NRE Resources Pty Ltd, Vertika Pty Ltd, Arun Jagatramka, Mona Jagatramka and family members related to Arun and Mona Jagatramka.

**Seller** means as defined in sections 8.2(j) of this Prospectus.

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**Ineligible Institutional Shareholder** means an Institutional Shareholder:

- (a) who has, or the person for whom it holds Shares has, a registered address outside Australia, Singapore and New and any other jurisdictions as the Company agrees;
- (b) to whom Listing Rule 7.7.1(a) applies;
- (c) who in the absence of ASX Listing Rule 7.7.1(a) would have been an Eligible Institutional Shareholder; and
- (d) that the Company determines will be an Ineligible Institutional Shareholder for the purposes of the Institutional Entitlement Offer.

**Institutional Entitlement Offer** means the offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

**Institutional Investor** means investors selected by the Company who are investors who fall within the exemptions provided by section 708(8) or (11) of the Corporations Act.

**Institutional Shareholder** means an Institutional Investor who is a Shareholder.

**Jindal** means Jindal Steel & Power Limited (a company incorporated in India).

**Jindal (Australia)** means Jindal Steel & Power (Australia) Pty Ltd (ACN 144 630 179)

**Jindal Group** means Jindal, Jindal (Mauritius) and Jindal (Australia).

**Jindal (Mauritius)** means Jindal Steel & Power (Mauritius) Limited (ABN 38 139 902 337).

**Jindal Option Offtake Agreement** means as defined in Section 8.2(j) of this Prospectus.

**New Share** means a Share issued under this Prospectus.

**Nominee** means Argonaut Securities Pty Limited.

**Offer** means the issue of Shares under this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Previous Entitlement Issues** means the accelerated non-renounceable entitlement issues undertaken by the Company which closed on 10 January 2014, 18 March 2014, 15 May 2014 and 17 June 2014 respectively.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Retail Entitlement Offer** means the offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.

**Retail Entitlement Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus, or which can be provided upon request.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 5.16 of this Prospectus.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Sydney Time** means the time as observed in Sydney, New South Wales.

**US or Canadian Person** means a person who receives the Offer when they are located in either the United States of America or Canada.