



Wollongong Coal

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The Manager
Market Announcements Office
Australian Securities Exchange
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SYDNEY NSW 2000

Accelerated Entitlement Offer

Further to the trading halt entered into by Wollongong Coal Ltd ACN 111 244 896 (**ASX: WLC**) (**the Company**) on 4 November 2014, the Company is seeking to raise up to approximately \$66.68 million (before costs) through an accelerated pro rata entitlement offer of 19 fully paid ordinary shares in the capital of the Company (**Share**) for every 20 Shares held by eligible shareholders at an issue price of \$0.018 per Share (**Entitlement Offer**).

Background

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.

The Company has used the funds received from the previous rights issues for purposes including the following, with further details set out in the prospectus:

- 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;
- 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 loans and facilities;

- settle or otherwise deal with most statutory demands, winding up proceedings and claims issued against the Company; and
- successfully negotiate the reinstatement of the coal sector job package, which was previously cancelled, with the Company receiving around \$8.6 million payment 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.

Current Entitlement Offer

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 the Prospectus.

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.

Indicative use of proceeds of Entitlement Offer

The primary purpose of the new Entitlement Offer is to provide funds for repayment of the facility drawdown.

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

Use	Minimum subscription under the Entitlement Offer (A\$)	Full subscription under the Entitlement Offer (A\$)
Repayment of Jindal facility drawdown	\$45,000,000	\$45,000,000
Salaries and employment costs (including redundancies)	\$879,586	\$5,131,857
Repayment of past liabilities	\$879,587	\$6,370,582
Capitalised development	\$1,082,568	\$4,777,937
General Working Capital	\$815,022	\$2,433,704
Operational Expenditure	\$473,624	\$1,415,685
Costs of Offer ²	\$132,225	\$132,225
Administration	\$338,302	\$1,415,685
Total	\$49,600,914	\$66,677,675

The above expenditure budget is indicative only and may change according to circumstances prevailing at the time.

Summary of the Entitlement Offer

1. The Entitlement Offer comprises 19 new Shares for every 20 existing Shares held by existing eligible shareholders on the record date in the below timetable at \$0.018 per Share.
2. Up to approximately 3.7 billion Shares will be issued pursuant to the Entitlement Offer, which will take place in accordance with the below timetable and will have 2 components:
 - (a) an accelerated offer to Eligible Institutional Shareholder Investors of up to approximately \$49.6 million; and
 - (b) an offer to Eligible Retail Shareholders of up to approximately \$17.07 million.
3. Eligible retail shareholders will comprise those shareholders with a registered address in Australia or New Zealand or any other shareholders in other jurisdictions to whom the Company decides to make offers.
4. The Entitlement Offer is not underwritten.
5. Any fractional entitlements arising from the Entitlement Offer will be rounded up.
6. Shares issued under the Entitlement Offer will rank equally with existing Shares on issue on the record date. The Company will make application for official quotation of the new Shares proposed to be issued under the Entitlement Offer.

Further information in relation to trading of the entitlements will be included in the Prospectus to be despatched to shareholders.

7. Shareholders who do not take up all or any part of their entitlement will not receive any payment or value in respect of the entitlement not taken up and their equity interest in the Company will be diluted.

Further details of the Entitlement Offer, including details on how to accept and key risks of the Entitlement Offer, will be set out in a prospectus which is expected to be released to the ASX on 10 November 2014 and dispatched to shareholders on 14 November 2014.

Timetable

Outlined below is a timetable of relevant events and dates relating to the Entitlement Offer. These events and dates are indicative only and subject to change. Subject to the ASX Listing Rules, the Corporations Act and other applicable laws, the Company's Board reserves the right to modify all dates, including the Entitlement Offer closing date.

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

<p>Retail offer period opens</p> <p>Day before quotation of securities issued under Institutional Offer, entity provides ASX with the following:</p> <ul style="list-style-type: none"> • The issue date and number of securities for which quotation is sought • A statement setting out the issued capital of the entity following the issue under the institutional offer <p>Entity provides updated Appendix 3B (if required)</p>	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"> • The issue date and number of securities for which quotation is sought • A statement setting out the issued capital of the entity following the issue under the retail offer • A distribution schedule of the securities, if the issued securities form a new class • 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 <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
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Application for new Shares under the Entitlement Offer may only be made by completing the Acceptance Form which accompanies the prospectus. Shareholders eligible to participate in the Entitlement Offer should read the prospectus carefully and consult professional advisers as necessary.

Enquiries

Any enquiries regarding the Entitlement Offer should be directed to:

Sanjay Sharma

Company Secretary

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Fax: 02 4283 7449

Email: ssharma@wcl.net.au

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