



Wollongong Coal

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Market Announcements Office
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ASX Code: **WLC**

WCL enters into binding Heads of Agreement with Bellpac

Wollongong Coal Limited ACN 111 244 896 (**Company or WCL**), has entered into a binding heads of agreement (**HoA**) with Bellpac Pty Limited (receivers and managers appointed) (in liquidation) (**Bellpac**).

The HoA relates to the settlement of proceedings (No. 2016/120239) initiated by Bellpac in the Supreme Court of New South Wales alleging the conversion of 160 bonds with face value of \$50,000 each (plus accrued interest) was not within the terms and seeking those bonds redeemed or alternatively damages (both in the amount of \$8 million plus interest).

WCL issued 1,019,726,268 on 5 February 2016 and further 1,452,337,412 ordinary shares were issued on 5 May 2016 after obtaining shareholders' approval at the Extraordinary General Meeting held on 5 May 2016.

Key terms of the HoA (which are to be reflected in a formal deed of settlement and release) are as follows:

1. WCL is to pay Bellpac a settlement sum of \$6,300,000 (Settlement Sum) in return of Bellpac, Anthony John Warner and WCL providing a release in relation to all claims including all orders made as to costs in to the proceedings.

2. Bellpac is to return to WCL or its nominee 2,472,063,680 shares in WCL (Shares) or otherwise consent to the cancellation of the Shares on receipt of the Settlement Sum. The intention is that Bellpac will no longer hold shares in WCL as part of the settlement.
3. The Settlement Sum is to be paid on the latter of the conditions precedent set out in item 4 being satisfied and 28 days from the date the settlement deed is signed.
4. The conditions precedent to the settlement deed are:
 - a. Bellpac obtaining approval under s. 477(2A) of the Corporations Act 2001 (Cth) to enter into the proposed arrangement; and
 - b. WCL (at its cost) obtaining all necessary approvals to buy-back or cancel the Shares as the case may be.
5. The HoA is also conditional on the conditions precedent being satisfied by 13 February 2017.
6. Within 7 days of receipt of the Settlement Sum, Bellpac must file a notice of discontinuance, with the consent and co-operation of WCL, discontinuing the proceedings. This will include no order as to costs.

The parties are to enter into a suitable deed of settlement and release which documents the above terms within the next few weeks.

For further queries, please contact the Company Secretary.

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