Wollongong Coal Limited ABN 28 111 244 896
and Controlled Entities

Interim Financial Report

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

1. Company Details

Name of entity:	Wollongong Coal Limited
ABN:	28 111 244 896
Reporting period:	For the half-year ended 30 September 2016
Previous Period:	For the half-year ended 30 September 2015

2. Results for Announcement to the Market

Key Information	Half-year Ended 30 September 2016 $'000	Half-year Ended 30 September 2015 $'000	% Change
Revenue from ordinary activities	9,573	7,267	32%
Loss after tax from ordinary activities attributable to the owners of Wollongong Coal Limited	(30,408)	(70,770)	-57%
Net loss for the half year attributable to the owners of Wollongong Coal Limited	(30,408)	(70,770)	-57%

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to $30,408,000 (30 September 2015: $70,770,000).

Further information on the review of operation is detailed in the Directors' report attached as part of the Interim Report.

3. Net Tangible Assets per Share

	Half-year Ended 30 September 2016 $c/Share	Half-year Ended 30 September 2015 $c/Share
Net tangible assets per share	(0.32)	1.39

4. Control Gained or Lost over Entities in the Half-year

Not applicable.

5. Dividend Reinvestment Plans

The Group does not have any dividend reinvestment plans in operation.

6. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

Details of attachments (if any):

The Interim Report of Wollongong Coal Limited for the half-year ended 30 September 2016 is attached.

9. Signed

Signed

Date: 30 November 2016

Mr Maurice Anghie

Director

Wollongong Coal Limited

ABN 28 111 244 896

Interim Report – 30 September 2016

Wollongong Coal Limited
Corporate directory
30 September 2016

Directors	Mr Ashish Kumar (Chairman) Dr Andrew E. Firek Mr Maurice Anghie Mr Azad Bhura
Company secretary	Mr. Sanjay Sharma
Registered office	Lot 31, 7 Princes Highway, Corner of Bellambi Lane Corrimal, NSW 2518 Ph: +61 (02) 4223 6830 Fx: +61 (02) 4283 7449
Principal place of business	Lot 31, 7 Princes Highway, Corner of Bellambi Lane Corrimal, NSW 2518
Share register	Boardroom Pty Limited Level 12, George Street Sydney, NSW 2000 Ph: 1300 737 760 Fx: 1300 653 459
Auditor	Hall Chadwick Level 40 2 Park Street Sydney, NSW 2000
Bankers	State Bank of India, Sydney Branch Term Lenders: State Bank of India, Export Import Bank of India, Bank of Baroda – UK, Union Bank of India, UCO Bank, AfrAsia Bank, Axis Bank Limited, DBS Bank Limited, Canara Bank, Punjab National Bank, Punjab National Bank (International), SBM Bank (Mauritius) Ltd, SBI (Mauritius) Ltd, Mauritius Commercial Bank
Stock exchange Listing	Wollongong Coal Limited shares are listed on the Australian Securities Exchange (ASX code: WLC)
Website	www.wollongongcoal.com.au

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wollongong Coal Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 30 September 2016.

Directors

The following persons were the directors of Wollongong Coal Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Ashish Kumar
Dr Andrew E. Firek
Mr Maurice Anghie
Mr Azad Bhura

Principal activities

The principal activities of the consolidated group during the financial year were:

- recommencing operations at Wongawilli colliery;
- mining and producing coal; and
- selling and exporting coal.

Review of Operations

During the half year the consolidated entity's total production was 38,000 tonnes of ROM (run of mine) coal from Wongawilli colliery. Total revenue of the consolidated entity was $9,573,000 (217,855 tonnes sold) compared to $7,267,000 (178,087 tonnes sold) for 6 months to 30 September 2015. The loss for the consolidated entity after providing for income tax amounted to $30,408,000 (30 September 2015: $70,770,000).

The loss includes a net impairment charge of $1,515,000 (30 September 2015: Nil), and a net foreign exchange loss of $2,514,000 (30 September 2015: $44,445,000) that mainly relates to the change in exchange rate between the US dollar and Australian dollar on the consolidated entity's US dollar borrowing. The consolidated entity's borrowings are in US dollars and therefore the fluctuation in exchange rates gives rise on conversion to a gain or loss depending on the direction of the movement.

Significant changes in the state of affair

Operation and production recommenced at Wongawilli colliery – Following extension of current Pt3A approval up to 2020 allowing extraction of the remaining approved coal blocks in the Nebo and Elouera areas of Wongawilli colliery, mining production commenced in August 2016 from the N4 panel, which is the first panel to be extracted. The second mining unit is also preparing and developing second panel N3 for extraction expected to commence in Oct-Dec16 quarter. Once both units are in production, the Company is expecting annualised production levels of 800kt per annum.

Second merit Review Report for Russell Vale Colliery – NSW Planning Assessment Commission (PAC) released their second merit Review Report for the Russell Vale colliery's underground expansion project Pt3A approval application on 31 March 2016. The Company has challenged PAC's review in the Land and Environment Court. The matter was heard on 22 September 2016 and the Company is currently waiting for the Court's decision.

3 yearly Independent Environmental Audit – were undertaken for both collieries and number of recommendations were submitted to the Department of Planning and Environment (DPE). The Company has responded to those recommendations and is waiting for further direction from the DPE prior to commencing works.

DIRECTORS' REPORT

Cash Advance Facility Agreement – A short-term drawdown facility for cash advances (Facility) with a limit of AUD $175 million from its major shareholder Jindal Steel & Power (Mauritius) Limited (JSPML) has been increased to AUD $200 million. To date, the Company has withdrawn around $174.00 million and not paid any interest. The Company has also received short term funding of around $15.75 million from Jindal Steel and Power (Australia) Pty Ltd (JSPAL)

US $630 million Foreign Currency Term Loan - the Company with the support of and guarantee from its parent entity, Jindal Group has been working with its existing consortium of banks (Lenders) to obtain a Foreign Currency Term Loan of approximately US $630 million in two Tranches – to repay existing loans and to part-finance capital expenditures.

To date, US $386.39 million has been disbursed by some of the Lenders to the Company through JSPAL. Funds were used to repay existing loans. The Company continues to work with Lenders for the remaining amounts.

Conversion of Unlisted Convertible Bonds - Upon receipt of conversion notices from Bellpac Pty Ltd (Receivers and Managers Appointed) (In Liquidation) (Bellpac) for remaining 160 bonds with face value of $50,000 each (plus accrued interest), the Company issued 1,019,726,268 ordinary shares 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.

Update on litigations and legal matters

Statutory demands

- Trans-Tasman Mining Pty Ltd (in Liquidation) has issued statutory demands for $42,000 to the Company and for $114,000 to Wongawilli Coal Pty Ltd (Wongawilli Coal). The Company and Wongawilli Coal have commenced proceedings in the Supreme Court of NSW seeking an Order to set aside those statutory demands on the basis of genuine dispute over the existence and/or quantum of the alleged debts.

All other statutory demands that were served have been either settled (paid) and/or withdrawn.

Statement of Claims

- Gujarat NRE Coke Limited (GNCL), which is part of Gujarat Group, the consolidated entity's previous largest shareholder, has filed a claim against the Company and Wongawilli Coal for approximately US$39.74 million for damages relating to coal quality issues and $18.83 million (plus interest and cost) relating to unpaid corporate guarantee commission. The Court has consolidated GNCL's claim with the claims filed by the consolidated entity against GNCL for approximately US $63 million (plus interest and cost) for unpaid coal invoices.

- The consolidated entity is also defending an indemnity/restitution claim based on implied terms for approximately $20.45 million for damages and indemnity from Gujarat NRE India Pty Ltd (GNIPL), which is also part of Gujarat Group. These claims include AUD$6.57 million relating to alleged unpaid loan for which GNIPL issued a statuary demand, which was set aside by the Court.

- Great Investments Limited (GIL) (previous owner of certain convertible bonds) sought orders against the Company to redeem certain convertible bonds which were registered in its name. This matter is pending the outcome of an appeal made by GIL against the Court's decision declaring Bellpac as the real owner of those convertible bonds.

- Bellpac has commenced legal proceeding alleging that conversion of 160 Bonds were not within the redemption right of the bond agreement and is seeking an order for the redemption of those Bonds for $8 million or such other amount being the nominal principal value of the unconverted bonds plus accrued interest and cost. The consolidated entity is in negotiation with them while defending the claim.

DIRECTORS' REPORT

- Wongawilli Coal is currently defending an action commenced in December 2015 by ATF Mining Electrics Pty Ltd trading as AMP Control, claiming damages in excess of $742,000 for repudiation of an alleged contract.

- The proceedings initiated by Mr Jasbir Singh, former CEO and nominee director, for repudiation of an alleged employment contract has been resolved and fully settled.

- Proceedings for an alleged claim of around US $1.9 million from Sino East Minerals Ltd for quality issues with coal supplied was settled for US $650,000 and paid in full.

All other statements of claim that were served have been either settled (paid), withdrawn or the parties have agreed upon a payment plan.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

WOLLONGONG COAL LIMITED
ABN 28 111 244 896
AND ITS CONTROLLED ENTITIES

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WOLLONGONG COAL LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 30 September 2016 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 30 November 2016

Contents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Note	Consolidated Group	
		Half-year Ended 30 September 2016	Half-year Ended 30 September 2015
		$'000	$'000
Revenue	5	9,573	7,267
Other income	5	76	116
Expenses			
Mine operating expenses		(20,880)	(11,925)
Royalties and transportation expenses		(4,362)	(2,183)
Corporate and general expenses		(3,477)	(10,837)
Environmental expenses		(720)	(1,095)
Impairment of financial assets		(1,515)	-
Net foreign exchange loss		(2,514)	(44,445)
Finance costs		(6,589)	(7,668)
Loss before income tax benefit		(30,408)	(70,770)
Income tax benefit		-	-
Loss after income tax expense for the half-year attributable to the owners of Wollongong Coal Limited		(30,408)	(70,770)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Gain/ (loss) on revaluation of available-for-sale financial assets		45	(300)
Transfer to profit or loss on impairment of available-for-sale financial assets		1,515	-
Other comprehensive (loss)/income for the half-year, net of tax		1,560	(300)
Total comprehensive income for the half-year attributable to the owners of Wollongong Coal Limited		(28,848)	(71,070)
Earnings per share		**Cents**	**Cents**
From continuing and discontinued operations:			
– Basic loss per share	22	(0.36)	(1.03)
– Diluted loss per share	22	(0.36)	(1.03)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

		Consolidated Group	
	Note	**As at 30 September 2016**	**As at 31 March 2016**
		$'000	**$'000**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	6,005	6,505
Trade and other receivables	7	6,946	1,864
Inventories	8	6,023	7,431
Other assets		5,068	3,842
TOTAL CURRENT ASSETS		24,042	19,642
NON-CURRENT ASSETS			
Available-for-sale financial assets	9	435	390
Property, plant and equipment	10	753,510	736,372
Deposits	11	393	393
TOTAL NON-CURRENT ASSETS		754,338	737,155
TOTAL ASSETS		778,380	756,797
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	26,334	29,885
Borrowings	13	741,821	698,292
Convertible bonds	14	-	7,594
Provisions	15	4,751	5,570
TOTAL CURRENT LIABILITIES		772,906	741,341
NON-CURRENT LIABILITIES			
Provisions	15	35,110	24,306
TOTAL NON-CURRENT LIABILITIES		35,110	24,306
TOTAL LIABILITIES		808,016	765,647
NET ASSETS		(29,636)	(8,850)
EQUITY			
Issued capital	16	913,690	905,107
Reserves		2,611	2,243
Accumulated losses		(945,937)	(916,200)
TOTAL EQUITY		(29,636)	(8,850)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

Consolidated Group	Note	Issued capital	Reserves	Accumulated losses	Total
		$'000	$'000	$'000	$'000
Balance at 1 April 2015		899,080	16,910	(749,009)	166,981
Comprehensive income					
Loss after income tax benefit for the half year		-	-	(70,770)	(70,770)
Other comprehensive income for the half-year, net of tax		-	(300)	-	(300)
Total comprehensive income for the half-year		-	(300)	(70,770)	(71,070)
Transactions with owners, in their capacity as owners:					
Transfers from share based payment reserve		-	(14,872)	14,872	-
Share based payments		-	53	-	53
Balance at 30 September 2015		899,080	1,791	(804,907)	95,964
Balance at 1 April 2016		905,107	2,243	(916,198)	(8,848)
Comprehensive income					
Loss after income tax benefit for the half year		-	-	(30,408)	(30,408)
Other comprehensive income for the year, net of tax		-	1,560	-	1,560
Total comprehensive income for the half-year		-	1,560	(30,408)	(28,848)
Transactions with owners, in their capacity as owners:					
Contributions of equity, net of transactions costs		8,583	-	-	8,583
Transfers from share based payment reserve		-	(669)	669	-
Share based payments	23	-	(523)	-	(523)
Balance at 30 September 2016		913,690	2,611	(945,937)	(29,636)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Consolidated Group	
	Half-year Ended 30 September 2016	Half-year Ended 30 September 2015
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,738	7,531
Payments to suppliers and employees	(26,496)	(42,504)
Interest received and other income received	83	210
Interest and other finance costs paid	(12,308)	(16,097)
Net cash used in operating activities	(32,983)	(50,860)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(467)	-
Payments for mine development	(5,343)	(7,696)
Drawdown for Port Kembla coal terminal	(1,226)	(817)
Proceeds from release of security deposits	455	-
Net cash used in investing activities	(6,581)	(8,513)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of convertible bond	-	(1,000)
Proceeds from Jindal Steel & Power (Australia) Ltd	66,589	172,300
Proceeds from Jindal Steel & Power (Mauritius) Ltd	25,225	71,434
Repayment to Jindal Steel and power (Mauritius) Ltd	-	(10,369)
Repayment of term borrowings	(52,750)	(169,896)
Net cash provided by financing activities	39,064	62,469
Net (decrease)/increase in cash held and cash equivalents	(500)	3,096
Cash and cash equivalents at beginning of the financial half-year	6,505	9,810
Cash and cash equivalents at end of the financial half-year	6,005	12,906

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

NOTE 1: GENERAL INFORMATION

The financial statements cover Wollongong Coal Limited as a consolidated, for profit entity consisting of Wollongong Coal Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Wollongong Coal Limited's functional and presentation currency.

Wollongong Coal Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Lot 31, 7 Prince Highway, corner of Bellambi Lane

Corrimal, NSW 2518

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolutions of directors, on 30 November 2016. The directors have the power to amend and reissue the financial statements.

NOTE 2: GOING CONCERN

The consolidated reported a net loss of $30,408,000 in the financial half-year ended on 30 September 2016 compared to $70,770,000 in the previous corresponding financial half year. The loss includes a net foreign exchange loss of $2,514,000 (30 September 2015: $44,445,000).

Net current liabilities of $748,864,000 (2015: $721,699,000) includes borrowings of $741,821,000 (2015: $698,292,000) which have been classified as current liabilities to comply with Accounting Standards AASB 101 'Presentation of Financial Statements', due to breach of financial covenants.

The expected principal repayment due on borrowings for the 6 months ending 31 March 2017 is $22,018,000, subject to negotiations in relation to existing facilities.

The current adverse performance of the consolidated entity was mainly due to:

- no production from Russell colliery being on care and maintenance; and
- recommencement of production from Wongawilli colliery only from August 2016.

Nevertheless, the directors consider the consolidated entity to be a going concern on the basis of the following:

Funding and support from Jindal Group

Since taking over the majority stake and management control in October 2013, Jindal Group has been funding and supporting the Company. To date the Company has received in excess of $535 million by way of equity and loans.

Jindal Steel and Power (Mauritius) Limited (JSPML), a wholly-owned subsidiary of the ultimate parent entity Jindal Steel and Power Limited has injected $25.22 million into the Company during the half year and $15.75 million from Jindal Steel and Power (Australia) Pty Limited to the date of this report.

Due to default, JSMPL's lenders for US $150 million and $400 million have accelerated their facilities and demanded full payment in excess of US $550 million. The matter remains in negotiation between Jindal Group and their lenders. Despite their lenders situation, the Company has received a support letter dated 7 October 2016 from JSPML reiterating their previous support letter issued on 12 May 2016 stating that JSPML will continue to support the consolidated entity for at least 12 months from the date of signing of the annual report for 31 March 2016 (i.e. 30 June 2017).

In addition, JSPML has increased its working capital facility of $175 million to $200 million.

Settlement of legal claims

The consolidated entity has successfully defended and/or resolved several legal claims. Please refer to section 'Update on Legal matters and Litigations' of the directors' report for details.

NOTE 2: GOING CONCERN

Rescheduling of bank debts

During the half year, the Company has successfully deferred some of its repayments and met its interest payment obligations. The consolidated entity, is currently working with its existing consortium of banks (Lenders) to obtain a Foreign Currency Term Loan to replace the current debt and to finance the capital expenditures.

Financial Covenants Breaches and Waivers

As disclosed above, borrowings have been classified as current due to covenant breaches as at 31 March 2016. Notwithstanding such breaches, the consolidated entity has only received a breach notice from Mauritius Commercial Bank (MCB) for an unpaid sum of US $13.33 million consisting of instalment repayments plus interest. Since then, interest of US $700k approximately has been paid and Company remains in negotiation with MCB for refinancing and restructuring their loan.

The Company has received a letter from MCB indicating their in-principle agreement to restructure their loan. The said letter doesn't provide any waiver for defaults; however, it does indicate that they have instructed their legal counsel to cover specific waivers for all defaults until the date of execution of the restructuring documentation.

Operations at Wongawilli colliery and improvement in coal prices

Wongawilli colliery has commenced operation at Wongawilli Colliery and extraction of coal from N4 panel has commenced from August 2016. The second mining unit is also preparing and developing second panel N3 for extraction, which is expected to commence in the next quarter (Oct-Dec16). With both panels in production, the Company is expecting to produce at a rate of 800,000 tonnes per annum.

The significant surge in coking coal prices in the last couple of months is highly favourable as the Company has just recommenced production. With expected production at current prices, the Company is expected to generate sufficient revenues to meet its own costs by the end of FY2017 and to not be reliant on Jindal Group for funds.

Cost Control

The Company continues operating within a very strict budget and cost-controlled regime.

The Directors believe that with all measures put in place as detailed above, together with the continued support of its parent entity, financiers, suppliers and other stakeholders, the consolidated entity would be able to put its liquidity troubles behind it and move to the more productive aspect of running a profitable business.

The directors consider the consolidated entity to be a going concern and will be able to meet its debts and obligations as they fall due. Notwithstanding the above, if one or more of the planned measures do not eventuate or are not resolved in the consolidated entity's favour, then in the opinion of the directors, there will be significant uncertainty regarding the ability of the consolidated entity to continue as a going concern and pay its debts and obligations as and when they become due and payable.

If the consolidated entity 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 at amounts different from those stated in the financial statements.

No adjustments have been made to the financial statements relating to the recoverability and classification of the recorded asset amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the half-year reporting period ended 30 September 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with international Financial Reporting Standard IAS 34 'Interim Financial Reporting'

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

NOTE 4: OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity operates in one segment being the coal mining, coal preparation and export of coal. This is based on the internal reports that are reviewed and used by the Board of Directors and the Management Committee (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The consolidated entity operates predominately in one geographical region being the Illawarra region of New South Wales.

Segment assets and liabilities

Assets and liabilities are managed on a consolidated basis. The CODM does not regularly review any asset or liability information by segment and, accordingly there is no separate segment information. Refer to the statement of financial positon for consolidated assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

NOTE 5: REVENUE

	Consolidated Group	
	Half-year Ended 30 September 2016	**Half-year Ended 30 September 2015**
	$'000	**$'000**
Sales revenue		
Export coal sales	9,566	7,173
Other revenue		
Rent	7	67
Other revenue	-	27
	7	94
Revenue	9,573	7,267
Other income		
Interest	76	116
Other income	76	116

NOTE 6: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated Group	
	30 September 2016	**31 March 2016**
	$'000	**$'000**
Cash at bank	208	250
Cash on deposit	5,797	6,255
	6,005	6,505

Cash and cash equivalents at 30 September 2016 includes $5,797,000 (31 March 2016: $6,250,000) restricted cash held and maintained for debt service coverage.

NOTE 7: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	30 September 2016	31 March 2016
	$'000	$'000
Trade receivables	4,182	585
Other receivables	2,329	811
Prepayments	435	468
	6,946	1,864

NOTE 8: CURRENT ASSETS – INVENTORIES

	Consolidated Group	
	30 September 2016	31 March 2016
	$'000	$'000
Stores and consumables – at cost	3,892	3,884
ROM coal stock – at cost	2,336	19
ROM coal stock – at net realisable value	210	3,648
Less: Provision for impairment	(415)	(120)
	6,023	7,431

NOTE 9: NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINALCIAL ASSETS

	Consolidated Group	
	30 September 2016	31 March 2016
	$'000	$'000
Shree Minerals Limited	315	270
Port Kembla Coal Terminal	120	120
	435	390

Refer to note 17 for further information on fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

NOTE 10: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	30 September 2016	31 March 2016
	$'000	$'000
Land and Buildings – at cost	46,550	46,542
Less: Accumulated depreciation	(1,013)	(964)
	45,537	45,578
Plant and Equipment – at cost	267,133	272,088
Less: Accumulated depreciation	(123,943)	(113,663)
	143,190	158,425
Mine development – at cost	737,634	704,189
Less: Accumulated depreciation	(103,251)	(102,220)
Less: Impairment	(189,180)	(189,180)
	445,203	412,789
Mine lease – at cost	387,276	387,276
Less: Accumulated depreciation	(995)	(995)
Less: Impairment	(266,701)	(266,701)
	119,580	119,580
	753,510	736,372

Consolidated	Land and Buildings $'000	Plant and Equipment $'000	Mine Development $'000	Mine Lease $'000	Total $'000
Balance at 1 April 2016	45,578	158,425	412,789	119,580	736,372
Additions*	7	457	28,924	-	29,388
Transfers	-	(4,579)	4,579	-	-
Depreciation expense	(48)	(11,113)	(1,089)	-	(12,250)
Balance at 30 September 2016	45,537	143,190	445,203	119,580	753,510

*Included in this balance is $13,053,533 in capitalised interest on the bank borrowing facilities.

Cash Generating Unit ('CGU') allocation and impairment testing

The consolidated entity has three CGUs - Russell Vale Colliery, Wongawilli Colliery and Avondale mining leases. The carrying values of property plant and equipment allocated to the CGUs is as follows:

- Russell Vale Colliery $478,597,000
- Wongawilli Colliery $243,045,000
- Avondale mining leases $31,868,000

NOTE 10: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Recoverable amounts of the CGUs are based on value-in-use calculations. These calculations use cash flow projections covering life of each mines. The cash flow projections were based on several assumptions including but not limited to:

- Discounting rate (based on Weighted Average Cost of Capital ('WACC') of 9.5% for Russell Vale Colliery, 9.5% for Wongawilli Colliery and 9.5% for also used for other assets including Avondale mining leases;
- Long-term coking coal prices of $173 (US$130/0.75);
- Long-term exchange rate of US$1.00: AUD$0.75;
- Life of each mine over 25 years;
- Permitted rate of extraction of 1 Mtpa per mine increasing up to 4.7 Mtpa for Russell Vale Colliery and 4.5 Mtpa for Wongawilli Colliery, in accordance with revised mining plans;
- Obtaining relevant mining permits as required, without undue delay; and
- Cost of disposal assumed at 1%.

NOTE 11: NON-CURRENT ASSETS – DEPOSITS

	Consolidated Group	
	30 September 2016	31 March 2016
	$'000	$'000
Russell Vale Colliery Trust Funds	393	393

NOTE 12: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated Group	
	30 September 2016	31 March 2016
	$'000	$'000
Trade payables	7,437	9,486
Accruals	12,095	13,366
Other payables	6,802	7,033
	26,334	29,885

NOTE 13: CURRENT LIABILITIES - BORROWINGS

	Consolidated Group	
	30 September 2016	31 March 2016
	$'000	$'000
Bank loans (secured)	32,091	84,154
JSPAL term loan (secured)	520,890	454,920
JSPML working capital loan (unsecured)	188,840	159,218
	741,821	698,292

On 6 August 2015, the consolidated entity entered into a US$630 million facility with JSPAL. As at 30 September 2016 US$386.39 million has been disbursed to the consolidated entity through JSPAL. Funds were used to repay existing loans. The repayment of the loan facility is to be in 26 unequal quarterly instalments starting from 30 June 2018. The interest rate is the market rate at the date the agreement was entered into plus LIBOR.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

NOTE 13: CURRENT LIABILITIES – BORROWINGS (CONT'D)

To continue to assist the consolidated entity with its cash flow, the intermediate parent entity JSPML has increased its cash advance facility from $175 million to $200 million during the current financial half year. This facility has also been renewed until 31 March 2017. The amount withdrawn is repayable at the end of the facility term or on demand.

NOTE 14: CURRENT LIABILITIES – CONVERTIBLE BONDS

	Consolidated Group	
	30 September 2016	**31 March 2016**
	$'000	**$'000**
Convertible bonds	-	7,594

The Company was issued 1,019,726,268 shares to Bellpac Pty Limited (Receivers & Managers Appointed) (In Liquidation) in part settlement of this liability on 5 February 2016. The balance of the liability, being convertible bonds and interest was settled through the issue of a further 1,452,337,412 shares on 5 May 2016.

NOTE 15: PROVISIONS

	Consolidated Group	
	30 September 2016	**31 March 2016**
	$'000	**$'000**
Current		
Provision for redundancy	-	986
Provision for employment entitlements	4,751	4,584
	4,751	5,570
Non-current		
Provision for Mine restoration liability	35,110	24,306
	35,110	24,306

NOTE 16: EQUITY – ISSUED CAPITAL

	Consolidated Group			
	30 September 2016	**31 March 2016**	**30 September 2016**	**31 March 2016**
	Shares	**Shares**	**$'000**	**$'000**
Ordinary shares – fully paid	9,366,977,256	7,914,639,844	913,690	905,107

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$'000
Balance	1 April 2016	7,914,639,844		905,107
Issue of ordinary shares on conversion of bonds	5 May 2016	1,452,337,412	$0.00591	8,583
Balance	30 September 2016	9,366,977,256		913,690

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at the meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders (refer to dividend policy below), return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. The consolidated entity breached its covenants during the financial year and all bank loans have therefore been classified as current liabilities.

NOTE 17: FAIR VALUE MEASUREMENT

a. **Fair value hierarchy**

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

– *Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

– *Level 2:* Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

– *Level 3:* unobservable inputs for the asset or liability

	Level 1	**Level 2**	**Level 3**	**Total**
Consolidated – 30 September 2016	**$'000**	**$'000**	**$'000**	**$'000**
Assets:				
Available for sale financial assets: listed equity securities	315	-	-	315
Available for sale financial assets: unlisted equity securities	-	-	120	120
Total assets	315	-	120	435

	Level 1	**Level 2**	**Level 3**	**Total**
Consolidated – 31 March 2016	**$'000**	**$'000**	**$'000**	**$'000**
Assets:				
Available for sale financial assets: listed equity securities	270	-	-	270
Available for sale financial assets: unlisted equity securities	-	-	120	120
Total assets	270	-	120	390

There were no transfers between levels during the financial half-year.

NOTE 17: FAIR VALUE MEASUREMENT (CONT'D)

The fair value of the consolidated entity's investment in unlisted shares is classified under level 3 in the fair value measurement hierarchy. The consolidated entity's holding in unlisted shares is minor and any reasonably possible change in assumptions would not have a material impact on the consolidated entity's financial statements.

The carrying values of the financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed within the consolidated entity's 31 March 2016 annual report due to their short term nature. The US$630m Jindal loan facility was negotiated during this period at market rates and therefore the fair value approximates the carrying value at 30 September 2016.

During the half year, the consolidated entity held equity shares as available for sale financial instruments classified as level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below.

	Available-for-sale	Total
Consolidated	**$'000**	**$'000**
Balance at 1 April 2016	120	120
Balance at 30 September 2016	120	120

NOTE 18: CONTINGENT LIABILITIES

As part of mining lease holdings, the Company is required to provide and maintain adequate security with the Department of Trade and Investment (DTI) for its rehabilitation obligations. As per previous assessment by the Director General, a security of $5,657,000 was increased to $7,516,000 for Russell Vale Colliery. The Company has provided security of $5,657,000 by way of a bank guarantee and the balance of $1,859,000 as a cash deposit.

As per previous assessment by the Director General, a security of $40,010,000 has been reduced to $35,880,000 for Wongawilli Colliery. The Company's subsidiary Wongawilli Coal Pty Ltd is in the process of reducing the current bank guarantee of $40,010,000 to $35,880,000 accordingly.

Pursuant to the Development Consent of the Russell Vale Colliery Emplacement Area, the Company is required to provide and maintain a security of $375,000 for the financial year (2015-16) in favour of Wollongong City Council. This security amount increases by $15,000 every year. The company remain in discussion with Wollongong City Council (WCC) relating to this guarantee.

The Company's obligation to hold and pay withholding tax on interest payments to non-resident between 1 April 2010 and 31 March 2014 has been under review and audit by the Australian Taxation Office (ATO). Pursuant to the Position Paper issued, ATO's view is that the Company is liable to pay withholding tax of $4,276,000 plus 100% penalty and general interest calculated in excess of $1,850,000 up to 31 October 2016. The Company is reviewing its position and seeking legal & experts' opinion.

The Company is one of the shareholders and users of Port Kembla Coal Terminal (PKCT). It is required to either pay site rectification charges in the form of a site rectification levy incorporated in the coal loading charges or to provide a bank guarantee for an amount based on actual tonnages in previous years and tonnages estimated for the upcoming financial year. Accordingly, the Company has provided a bank guarantee of $391,000 to the PKCT. As part of the annual review for the upcoming financial year 2017, the Company has been notified that the amount of the guarantee needs to be increased to $529,000.

NOTE 18: CONTINGENT LIABILITIES (CONT'D)

Gujarat NRE Coke Limited (GNCL), which is part of Gujarat Group, the consolidated entity's previous largest shareholder, has filed a claim against the Company and Wongawilli Coal for approximately US$39.74 million for damages relating to coal quality issues and $18.83 million (plus interest and cost) relating to unpaid corporate guarantee commission. The Court has consolidated GNCL's claim with the claims filed by the Company and Wongawilli Coal against GNCL for approximately US $63 million (plus interest and cost) for unpaid coal invoices.

The consolidated entity is defending an indemnity/restitution claim for approximately $20.45 million (plus interest and cost) from Gujarat NRE India Pty Ltd (GNIPL). These claims include $6.57 million relating to an alleged unpaid loan for which GNIPL issued a statutory demand, which was set aside by the court.

Great Investments Limited (GIL) (previous Bond owner) has sought orders against the consolidated entity to redeem certain convertible Bonds which were registered in its name. This matter is pending the outcome of an appeal, made by GIL, against the Court's decision declaring Bellpac as the real owner of those Bonds.

Bellpac has commenced legal proceeding alleging that conversion of 160 Bonds were not within the redemption right of the bond agreement and is seeking an order for the redemption of those Bonds for $8 million or such other amount being the nominal principal value of the unconverted bonds plus accrued interest and cost. The consolidated entity is in negotiation with them while defending the claim.

Wongawilli Coal is currently defending an action commenced in December 2015 by ATF Mining Electrics Pty Ltd trading as AMP Control, claiming damages in excess of $742,000 for repudiation of an alleged contract.

Proceedings for an alleged claim of around US $1.9 million from Sino East Minerals Ltd for quality issues with coal supplied was settled for US $650,000 and paid in full.

The Company is defending a claim by Mr Jasbir Singh, former CEO and nominee director, for repudiation of an alleged employment contract. The matter has been resolved and fully settled.

NOTE 19: COMMITMENTS

	Consolidated Group	
	30 September 2016	**31 March 2016**
	$'000	**$'000**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,239	1,300
One to five years	1,026	1,095
	2,265	2,395

The Company has entered into a facility agreement with Port Kembla Coal Terminal on 12 June 2015 for a total commitment of $10,056,000, of which the capital commitment contracted but not provided for as at 30 September 2016 amount to $7,195,000.

NOTE 20: RELATED PARTY TRANSACTIONS

Parent entity

Wollongong Coal Limited is the parent entity in Australia. The immediate parent entity is Jindal Street & Power (Mauritius) Limited ('JSPML'), a company registered in Mauritius. The ultimate parent entity is Jindal Street & Power Limited ('JSPL'), a company registered in India.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated Group	
	30 September 2016	**31 March 2016**
	$'000	**$'000**
Current receivable:		
Net payables to parent entity JSPML*	188,840	159,218
Net payables to Jindal Steel and Power (Australia) Pty Ltd ('JSPAL') **	524,101	456,194

*The net payable to the immediate parent JSPML represents funds received of $176,965,000 against cash advance facility and accrued interest of $11,875,000 (31 March 2016: $159,218,000) thereon as at 30 September 2016.

**The net payable to associated company JSPAL represent funds received of $506,406,000 (USD$ 386.39 million) against USD$630 million facility and accrued interest of $3,856,000 thereon. In addition to that, JSPAL has provided the fund of $13,839,000 to paid interest and finance cost as at 30 September 2016.

Loans to/from related parties

Related party loans are included in the net receivables/payable above.

Guarantees

The immediate parent company JSPML has provided a guarantee to Port Kembla Coal Terminal for all obligations of the Company in connection with the Senior Facility Agreement. An amount of $7,195,000 remains payable under this agreement as at 30 September 2016.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

NOTE 21: EVENTS AFTER THE END OF THE INTERIM PERIOD

The directors are not aware of any significant events since the end of the interim period.

NOTE 22: EARNING PER SHARE

	Consolidated Group	
	30 September 2016	**30 September 2015**
	$'000	**$'000**
Loss after income tax attributable to the owners of Wollongong Coal Limited	(30,408)	(70,770)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	8,507,511,829	6,894,913,576
Weighted average number of ordinary shares used in calculating diluted earnings per share	8,507,511,829	6,894,913,576
	Cents	**Cents**
Basic (loss)/ earnings per share	(0.36)	(1.03)
Diluted (loss)/ earnings per share	(0.36)	(1.03)

NOTE 23: SHARE-BASED PAYMENTS

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Share-based payments expensed and included in corporate and general expenses in profit or loss during the half-year are as follows:

- $682,000 share-based payments reversal due to participants in the company's employee share scheme plan not meeting non-market vesting conditions;
- $159,000 share-based payments expensed on options issued to employees and directors.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Wollongong Coal Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 27, are in accordance with the *Corporations Act 2001*, including:
    a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
    b. giving a true and fair view of the consolidated entity's financial position as at 30 September 2016 and of its performance for the half-year ended on that date.
2. In the directors' opinion having regard to note 2 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director ______________________________

Mr Maurice Anghie

Dated this 30 day of November 2016

WOLLONGONG COAL LIMITED
ABN 28 111 244 896
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WOLLONGONG COAL LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Wollongong Coal Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity,in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 30 September 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

WOLLONGONG COAL LIMITED
ABN 28 111 244 896
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WOLLONGONG COAL LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Wollongong Coal Limited is not in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of Wollongong Coal Limited's financial position as at 30 September 2016 and of its performance for the period ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 of the financial report, which indicates that the company incurred a net loss of $30,408,000 during the half-year ended 30 September 2016, and as of that date, the company's current liabilities exceeded its current assets by $748,864,000. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amount stated in the financial report.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 30 November 2016