

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 2018

1. Company Details

Name of entity:	Wollongong Coal Limited
ABN:	28 111 244 896
Reporting period:	For the half-year ended 30 September 2018
Previous Period:	For the half-year ended 30 September 2017

2. Results for Announcement to the Market

Key Information	Half-year Ended	Half-year Ended	% Change
	30 September 2018	30 September 2017	
	\$'000	\$'000	
Revenue from ordinary activities	34,440	20,220	70%
Loss after tax from ordinary activities attributable to the owners of Wollongong Coal Limited	(57,598)	(23,714)	143%
Net loss for the half year attributable to the owners of Wollongong Coal Limited	(57,598)	(23,714)	143%

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 \$57,598,000 (30 September 2017: \$23,714,000).

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

3. Net Tangible Assets / (Liabilities) per Share

	Half-year Ended	Half-year Ended
	30 September 2018	30 September 2017
	\$c/Share	\$c/Share
Net tangible assets / (liabilities) per share	(2.79)	(0.32)

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 2018 is attached.

9. Signed

A handwritten signature in blue ink, appearing to read 'Milind K Oza', is written over a large, light blue circular scribble.

Signed

Date: 20 November 2018

Mr Milind K Oza

Director

Wollongong Coal Limited

ABN 28 111 244 896

Interim Report – 30 September 2018

Wollongong Coal Limited
Corporate directory
30 September 2018

Directors	Mr Milind K Oza (Chairman) Dr Andrew E. Firek Mr Maurice Anghie Mr Devendra Vyas (<i>appointed 5 November 2018</i>)
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	UHY Haines Norton Level 11 1 York 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, Deutsche Bank - UK, SC Lowy, Canara Bank, Punjab National Bank, Punjab National Bank (International), SBM Bank (Mauritius) Ltd and SBI (Mauritius) Ltd.
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', 'WLC' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 30 September 2018.

Directors

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

Mr Milind K Oza
Dr Andrew E. Firek
Mr Maurice Anghie
Mr Devendra Vyas (*appointed as non-Executive Director on 5 November 2018*)

Principal activities

The principal activities of the consolidated entity during the financial period were:

- mining and producing coal from Wongawilli Colliery;
- selling and exporting coal; and
- obtaining approvals to commence operations at Russell Vale.

Review of Operations

During the half year the consolidated entity's total production was 208,265 tonnes of ROM (run of mine) coal from Wongawilli colliery. Total revenue of the consolidated entity was \$34,440,000 (231,513 tonnes sold) compared to \$20,220,000 (148,794 tonnes sold) for 6 months to 30 September 2017. The increased revenue was due to combination of higher production and better prices. The loss for the consolidated entity after providing for income tax amounted to \$57,598,000 (30 September 2017: loss \$23,714,000). However the cash loss for the six months is \$9,851,000 (30 September 2017; cash loss \$22,782,000).

The loss is after a net foreign exchange loss of \$33,533,000 (30 September 2017: gain of \$9,786,000) that mainly relates to the change in exchange rate between the US dollar and Australian dollar on the consolidated entity's borrowings in US dollars. The consolidated entity's borrowings are in US dollars 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

Operations at Wongawilli colliery – WLC continued operating two mining units at Wongawilli Colliery with focus on continuing efforts to improve productivity. WLC has been investing on pro-active maintenance program to manage break downs of aged infrastructure; overhauling old equipment; and sourcing better and suitable equipment where possible. All these efforts will eventually result in higher production in coming months.

Environment and Community - There were no reportable environmental incidents during the quarter. Internal audits and site work programs continued to address site environment management.

Russell Vale colliery – remains in care and maintenance.

The preparation of the application to restart mining operations at Russell Vale Mine is nearing completion and will be submitted in its final form in January 2019. This process has captured a comprehensive proposal that addresses a number of existing elements such as the Bellambi Creek diversion project and further design and planning modifications to effectively manage such potential environmental impacts as noise, dust, lights and community interactions. Specific matters identified in the previous submission such as the potential of mine subsidence impacts have been minimized through the utilisation of a mining system that delivers subsidence levels that are negligible. WCL envisages that this work and the consultation with stakeholders through the application process will result in an approval to commence mining operations after Mid-2019. Coal production will commence following this and ramp through to the end of 2019.

DIRECTORS' REPORT

NSW Department of Planning and Environment (DPE) has granted up to 15 June 2019 for the Bellambi Gully Creek diversion. Part of DPE's reasoning was that during this period consultation will be undertaken with Wollongong City Council and other downstream stakeholders to ensure that a holistic approach is achieved to the flood plan management, rather than a site-specific solution that may have unforeseen consequences downstream. DPE also awaits the resolution of the proposed Modification 4 to the project approval. The modification application made to DPE proposing modification to the project approval Bellambi Gully Creek is expected to be lodged in the October-December 2018 quarter.

The colliery received an Order in July 2018 from DPE to remove 200,000 tonnes of coal material from the rejects emplacement area. The commencement of this removal work is expected in the final months of 2018.

Environment and Community - There was one self-reported event on 12 June 2018 regarding the upload of real time monitoring data at the Licensed Discharge Point 11 to the Company's website. The matter was closed on 15 June with real time data feed been restored. No environmental harm occurred at any time during this event.

Continuing support from Jindal Steel - Cash Advance Facility Agreement, a short-term drawdown facility for cash advances (Facility) with a limit of AUD \$200 million from its major shareholder Jindal Steel & Power (Mauritius) Limited (JSPML) has been increased to \$300 million. To date, the Company has withdrawn around \$210 million. The Company has also received short term funding of around \$24.5 million from Jindal Steel and Power (Australia) Pty Ltd (JSPAL).

Enforceable Undertaking

Referring to the ASX announcement made on 8 June 2018, The Secretary of the Department of Planning and Environment (DPE) has accepted the terms of an enforceable undertaking provided by WCL and its wholly owned subsidiary Wongawilli Coal Pty Ltd to address the concerns of the DPE in relation to the payment of authorisation fees for the next five years. The enforceable undertaking relates to the court attendance notices for failure to pay authorisation fees issued by the Department on 8 March 2018, and the convictions recorded against WCL on 8 November 2017, which were on appeal to the District Court.

In summary, the joint Wollongong Coal Limited and Wongawilli Coal Pty Ltd undertaking proposes to;

- a. Engage an independent person to conduct a review of Wollongong Coal Limited and Wongawilli Coal Pty Ltd systems and processes for meeting their obligations and payments required under the Mining Act;
- b. Provide a report on recommendations and actions of the systems review to the Regulator;
- c. Conduct an independent review and audit of the financial capacity of Wollongong Coal Limited and Wongawilli Coal Pty Ltd;
- d. Provide an audit report setting out the review findings and recommendations to the Regulator;
- e. Provide refresher training to all relevant Wollongong Coal Limited and Wongawilli Coal Pty Ltd administrative staff concerning compliance obligations under the Mining Act;
- f. Pay the authorisation fees for 2018 within one month of acceptance of the undertaking;
- g. Pay the fees for 2019 to 2022 for each Authorisation 12 months in advance of each due date;
- h. Provide two bank guarantees each of \$150,000 (\$300,000 in total) as an assurance of the future payment of authorisation fees;
- i. Pay an additional penalty of 15% of the payment due if any payments are made between 1 and 30 days late;
- j. Pay an annual donation of \$5,000 each (\$10,000 total) to a local charity or community group by 30 June each year until 1 January 2023;
- k. Pay the Regulator's investigation and legal costs of \$24,350;

DIRECTORS' REPORT

- i. Lease Wollongong Coal Limited property to Little School Preschool Inc for \$1 per annum (reduced from \$26,000 per annum) for at least until 1 January 2023;
- m. Withdraw Wollongong Coal Limited and Wongawilli Coal Pty Ltd appeals in the District Court upon acceptance of the undertaking; and
- n. Report to the Regulator on the progress of the undertaking.

The Secretary of the Department of Planning and Environment has confirmed that it will not take further action in relation to the 'show cause' notice. In accordance with terms of the undertaking, WCL and WWC discontinued their appeal to the District Court and the 8 March 2018 court attendance notices were withdrawn and proceedings discontinued by the DPE.

Possible Litigation

The consolidated entity has received claims for payment in total for \$4,048,000 that is in dispute. Further, the consolidated entity has given notice of claims for a larger amount, which the consolidated entity considers should be offset against the claims made against it. The consolidated entity is continuing to seek legal advice in relation to these matters. Due to legal and commercial sensitivity, no further information could be disclosed at the time of this report.

Appointment of Director

Mr Devendra Vyas has been appointed as a director of the Company and its subsidiaries effective from 5 November 2018.

Update on litigations and legal matters

- In New South Wales Supreme Court proceedings 2014/211688, the Company defended an indemnity claim for approximately AUD\$12 million and a further claim for AUD\$6.57 million, plus interest and costs. The loan claim relates to an alleged unpaid loan from Gujarat NRE India Pty Ltd (GNI), part of the Gujarat NRE Group. GNI issued a statutory demand in relation to the loan claim, which was set aside by the Court in prior proceedings. On 23 October 2018, the Court gave judgement in favour of GNI in relation to both claims in the sum of \$23,776,612.82 plus costs. The judgement is stayed until the final determination of the appeal, on the condition that WCL provide a security of \$8.67m by no later than 5 December 2018. The hearing for appeal is expected sometime in March-April 2019.
- On November 2016, the Company entered into a binding heads of agreement (HoA) with Bellpac to settle the proceedings initiated by Bellpac in the Supreme Court of New South Wales alleging that conversion of 160 Bonds were not within the redemption rights of the bond agreement and sought, among other things, damages in the amount of over \$9 million (inclusive of interest). The Company is to pay Bellpac a settlement sum of \$6,300,000 (Settlement Sum) and Bellpac is to return to the Company or its nominee 2,472,063,690 shares in WCL, or otherwise consent to the cancellation of the Shares on receipt of the Settlement Sum. The HOA has been varied over time by agreement to extend the time for payment and most recently in order to effect the payment in two tranches as described below.

The current terms of the HOA provide for the Company to obtain shareholder approval to acquire and cancel the 2,472,063,680 ordinary shares that Bellpac holds in the Company (Bellpac Shares) and to pay Bellpac the amount of \$6,300,000 plus interest at 3% per annum calculated from 2 October 2017 until the final date of payment expected on or around 21 December 2018 (Settlement Sum) in return for Bellpac releasing it from the claims made against the Company in the Proceeding and for the Proceeding to be discontinued. The Settlement Sum will be paid in two tranches (a) a release to Bellpac of \$1 million within 7 days of the approval of the buy-back at the proposed extraordinary general meeting and (b) the remaining amount plus interest by 21 December 2018.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

- PCL Shipping commenced arbitral proceedings in Singapore against the Company relating to freight alleged to be owed for a shipment which occurred in August 2013. The Company commenced proceedings in the Supreme Court of NSW seeking, amongst other things, declarations that there is no enforceable agreement between WCL and PCL. By agreement the parties have now requested the arbitral tribunal to discontinue the arbitration in Singapore. The proceedings are now to be heard in the Supreme Court of the NSW. PCL has cross claimed against WCL in those proceedings for US \$3.2m (plus interest plus costs) and other amounts relating to the arbitration. The hearing date is in July 2019.

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 period.

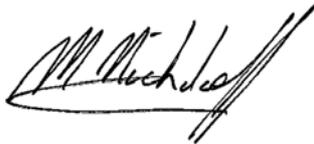
Auditor's Independence Declaration

To the Directors of Wollongong Coal Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 September 2018, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Wollongong Coal Limited and the entities it controlled during the financial period.

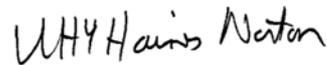


Mark Nicholaeff

Partner

Sydney

Date: 20 November 2018



UHY Haines Norton

Chartered Accountants

Wollongong Coal Limited
Contents
30 September 2018

Contents

Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15
Directors' declaration	28
Independent auditor's review report to the members of Wollongong Coal Limited	29

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

	Note	Consolidated Group	
		Half-year Ended	Half-year Ended
		30 September 2018	30 September 2017
		\$'000	\$'000
Revenue	5	34,440	20,220
Other income	5	121	771
Expenses			
Changes in inventories of finished goods and work in progress		(2,849)	1,854
Raw materials and consumables used		(421)	(6,543)
Employee benefits expense		(5,863)	(4,110)
Depreciation and amortisation expenses		(14,892)	(15,044)
Impairment of financial assets		-	(135)
Net foreign exchange gains / (losses)		(33,533)	9,786
Finance costs		(9,808)	(13,007)
Other operating expenses		(24,793)	(17,506)
Loss before income tax benefit		(57,598)	(23,714)
Income tax benefit		-	-
Loss after income tax expense for the half-year attributable to the owners of Wollongong Coal Limited		(57,598)	(23,714)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
(Loss)/ gain on revaluation of available-for-sale financial assets		-	(210)
Transfer to profit or loss on impairment of available-for-sale financial assets		-	135
Other comprehensive (loss)/income for the half-year, net of tax		-	(75)
Total comprehensive income for the half-year attributable to the owners of Wollongong Coal Limited		(57,598)	(23,789)
Earnings per share		Cents	Cents
From continuing and discontinued operations:			
- Basic loss per share	21	(0.61)	(0.25)
- Diluted loss per share	21	(0.61)	(0.25)

The accompanying notes form part of these financial statements.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	Consolidated Group	
		As at 30 September 2018 \$'000	As at 31 March 2018 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	869	5,761
Trade and other receivables	7	974	481
Inventories	8	9,095	12,046
Deposits and other assets	11	6,061	3,362
Assets held for sale		11,913	11,913
TOTAL CURRENT ASSETS		28,912	33,563
NON-CURRENT ASSETS			
Available-for-sale financial assets	9	300	300
Property, plant and equipment	10	772,509	775,641
Deposits and other assets	11	24,891	17,601
TOTAL NON-CURRENT ASSETS		797,700	793,542
TOTAL ASSETS		826,612	827,105
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	93,879	80,282
Borrowings	13	820,778	781,202
Provisions	14	3,749	3,667
TOTAL CURRENT LIABILITIES		918,406	865,151
NON-CURRENT LIABILITIES			
Provisions	14	46,091	42,241
TOTAL NON-CURRENT LIABILITIES		46,091	42,241
TOTAL LIABILITIES		964,497	907,392
NET LIABILITIES		(137,885)	(80,287)
EQUITY			
Issued capital	15	913,690	913,690
Reserves		(4,548)	(4,548)
Accumulated losses		(1,047,027)	(989,429)
TOTAL EQUITY		(137,885)	(80,287)

The accompanying notes form part of these financial statements.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2018

Consolidated Group	Note	Issued capital	Reserves	Accumulated losses	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2017		913,690	1,729	(915,546)	(127)
Comprehensive income					
Loss after income tax benefit for the half year		-	-	(23,714)	(23,714)
Other comprehensive income for the half-year, net of tax		-	(75)	-	(75)
Total comprehensive income for the half-year		-	(75)	(23,714)	(23,789)
<i>Transactions with owners, in their capacity as owners:</i>					
Share buyback reserve		-	(6,300)	-	(6,300)
Share based payments		-	29	-	29
Balance at 30 September 2017		913,690	(4,617)	(939,260)	(30,187)
Balance at 1 April 2018		913,690	(4,548)	(989,429)	(80,287)
Comprehensive income					
Loss after income tax benefit for the half year		-	-	(57,598)	(57,598)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the half-year		-	--	(57,598)	(57,598)
<i>Transactions with owners, in their capacity as owners:</i>					
Balance at 30 September 2018		913,690	(4,548)	(1,047,027)	(137,885)

The accompanying notes form part of these financial statements.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2018

	Consolidated Group	
	Half-year Ended 30 September 2018 \$'000	Half-year Ended 30 September 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts and advances from customers	71,239	27,106
Payments and refunds to suppliers and employees	(58,766)	(15,810)
Interest received and other income received	113	688
Interest and other finance costs paid	(28,128)	(12,221)
Net cash used in operating activities	<u>(15,542)</u>	<u>(237)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	3,763
Payments for property, plant and equipment	(3,464)	-
Payments for mine development and licenses	(1,949)	(10,067)
Drawdown for Port Kembla coal terminal	(1,335)	(2,409)
Net cash used in investing activities	<u>(6,748)</u>	<u>(8,713)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from related party borrowings	35,932	10,192
Repayment of related party borrowings	(18,534)	(3,130)
Net cash provided by financing activities	<u>5,299</u>	<u>7,062</u>
Net (decrease) in cash held and cash equivalents	(4,892)	(1,888)
Cash and cash equivalents at beginning of the financial half-year	5,761	6,728
Cash and cash equivalents at end of the financial half-year	<u>869</u>	<u>4,840</u>

The accompanying notes form part of these financial statements.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

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 resolution of directors, on 14 November 2018. The directors have the power to amend and reissue the financial statements.

NOTE 2: GOING CONCERN

The consolidated entity reported a loss of \$57,598,000 after tax in the financial half-year ended on 30 September 2018 compared to \$23,714,000 in the previous corresponding financial half year. The loss is after a net foreign exchange loss of \$33,533,000 (30 September 2017: gain of \$9,786,000). The cash loss for the six months is \$9,851,000 (30 September 2017: cash loss \$22,782,000).

Net current liabilities of \$889,494,000 (31 March 2018: \$831,588,000) includes borrowings of \$757,142,000 (31 March 2017: \$757,729,000) 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 2019 is \$49,444,000, 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
- low production at Wongawilli colliery.

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

Funding and support from Jindal Steel & Power (Mauritius) Limited

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 \$ 534.87 million by way of equity and loans.

The Company has received a support letter dated 15 November 2018 from JSPML reiterating their previous support letter issued on 20 April 2018 stating that JSPML will continue to support the consolidated entity.

In addition, Jindal Steel and Power (Mauritius) Limited (JSPML) has increased its working capital facility of \$200 million to \$300 million.

To date, the Company has received a short-term loan repayable on demand for a total amount of \$25.4 million from Jindal Steel and Power (Australia) Pty Ltd, wholly-owned subsidiary of JSPML

The Company has also received a letter of support dated 20 November 2018 from Jindal Steel and Power (Australia) Pty Ltd, wholly owned subsidiary of JSPML to not recall any of the loan provided for at least up to 31 December 2019 unless there is an acceleration and demand from the Lenders in case of any event of default. This confirmation also excludes any scheduled repayments falling due within the covered period (up to 30 September 2019). The confirmation reiterates their previous support letter issued on 5 May 2018 stating that JSPAL will continue to support the consolidated entity.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

NOTE 2: GOING CONCERN

Rescheduling of bank debts

The Company has successfully deferred significant repayments.

Financial Covenants Breaches and Waivers

As disclosed above, borrowings have been classified as current due to covenant breaches as at 30 September 2018.

Operations at Wongawilli colliery

WLC continues operations at Wongawilli Colliery with focus on continuing efforts to improve productivity. WLC has been investing on pro-active maintenance program to manage break downs of aged infrastructure; overhauling old equipment; and sourcing better and suitable equipment where possible. All these efforts will eventually result in higher production in coming months.

The coking coal prices remain favourable. With expected production at current prices, the Company is expected to generate sufficient revenues to meet its own costs by the end of FY2020.

Cost Control

The Company continues operating within a 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the half-year reporting period ended 30 September 2018 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 2018 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 position for consolidated assets and liabilities.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

NOTE 5: REVENUE

	Consolidated Group	
	Half-year	Half-year
	Ended	Ended
	30 September	30 September
	2018	2017
	\$'000	\$'000
<i>Sales revenue</i>		
Export coal sales	24,671	19,545
Domestic coal sales	9,769	-
	34,440	
<i>Other revenue</i>		
Rent	-	7
Other revenue	-	668
	-	675
Revenue	34,440	20,220
 <i>Other income</i>		
Interest	113	13
Gain on disposal of property, plant and equipment	1	758
Lease income	7	-
Other income	121	771

NOTE 6: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
Cash at bank	869	1,006
Cash on deposit *	-	4,755
	869	5,761

* Cash and cash equivalents at 30 September 2018 includes \$nil (31 March 2018: \$4,755,000) restricted cash held and maintained for debt service coverage. As at 30 September 2018 cash on deposit amounting to \$5,100,000 was reclassified from cash and cash equivalents to non-current deposits.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

NOTE 7: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
Trade receivables	124	481
Other receivables	849	-
	974	481
	974	481

NOTE 8: CURRENT ASSETS – INVENTORIES

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
Stores and consumables – at cost	3,601	3,528
ROM coal stock – at cost	5,909	8,933
Less: Provision for impairment	(415)	(415)
	9,095	12,046
	9,095	12,046

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

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
Shree Minerals Limited	180	180
Port Kembla Coal Terminal	120	120
	300	300
	300	300

Refer to note 16 for further information on fair value measurement.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018 NOTE 10: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
Land and Buildings – at cost	35,588	35,588
Less: Accumulated depreciation	(1,306)	(1,177)
	34,282	34,411
Plant and Equipment – at cost	252,006	251,987
Less: Accumulated depreciation	(152,136)	(141,848)
	99,870	110,139
Mine development – at cost	783,514	771,407
Less: Accumulated depreciation	(123,564)	(118,723)
Less: Impairment	(145,426)	(145,426)
	514,524	507,258
Mine lease – at cost	387,276	387,276
Less: Accumulated depreciation	(995)	(995)
Less: Impairment	(262,448)	(262,448)
	123,833	123,833
	772,509	775,641

Consolidated	Land and Buildings \$'000	Plant and Equipment \$'000	Mine Development \$'000	Mine Lease \$'000	Total \$'000
Balance at 1 April 2018	34,411	110,139	507,258	123,833	775,641
Additions*	-	21	12,107	-	12,128
Disposals & Adjustments	-	(129)	(239)	-	(368)
Depreciation expense	(129)	(10,160)	-	-	(10,290)
Amortisation expense	-	-	(4,602)	-	(4,602)
Balance at 30 September 2018	34,282	99,870	514,524	123,833	772,509

*Included in this balance is \$6,348,000 in capitalised interest on the bank borrowing facilities.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

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

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

The consolidated entity has two CGUs - Russell Vale Colliery & Wongawilli Colliery. The carrying values of property plant and equipment allocated to the CGUs is as follows:

- Russell Vale Colliery \$388,391,000
- Wongawilli Colliery \$384,118,000

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%;
- Long-term coking coal prices of US\$121;
- Long-term exchange rate of US\$1.00: AUD\$0.75;
- Life of each mine over 35 years;
- Obtaining relevant mining permits as required, without undue delay; and
- Cost of disposal assumed at 1%.

NOTE 11: DEPOSITS AND OTHER ASSETS

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000 *
CURRENT		
Prepayments	2,022	595
Advances to suppliers	4,039	2,767
	6,061	3,362
NON-CURRENT		
Bank guarantee deposits	5,111	-
Security deposits	3,313	2,630
Amounts advanced to PKCT	16,468	14,971
	24,891	17,601

*Deposits and other assets at 30 September 2018 includes \$5,111,000 (31 March 2018: \$nil) restricted cash held and maintained for debt service coverage.

NOTE 12: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
Trade payables	22,586	15,827
Accruals	10,811	19,479
Advances from customers	52,847	38,133
Other payables	7,635	6,843
	93,879	80,282

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

NOTE 13: CURRENT LIABILITIES - BORROWINGS

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
Bank loans (secured)	25,479	23,429
JSPAL term loan (secured)	563,117	555,912
JSPML working capital loan (unsecured)	232,182	201,861
	820,778	781,202
	820,778	781,202

The consolidated entity has classified all bank borrowings as current in accordance with AASB 101 'Presentation of Financial Statements', due to financial covenants breaches.

NOTE 14: PROVISIONS

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
<i>Current</i>		
Provision for employment entitlements	3,749	3,667
	3,749	3,667
	3,749	3,667
<i>Non-current</i>		
Provision for mine restoration liability	46,091	42,241
	46,091	42,241
	46,091	42,241

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

NOTE 15: EQUITY – ISSUED CAPITAL

	Consolidated Group			
	30 September 2018	31 March 2018	30 September 2018	31 March 2018
	Shares	Shares	\$'000	\$'000
Ordinary shares – fully paid	9,366,977,256	9,366,977,256	913,690	913,690

There is no movement in ordinary share capital.

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 number 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 period and all bank loans have therefore been classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018
NOTE 16: 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 2018	\$'000	\$'000	\$'000	\$'000
Assets:				
Available for sale financial assets: listed equity securities	180	-	-	180
Available for sale financial assets: unlisted equity securities	-	-	120	120
Total assets	180	-	120	300

	Level 1	Level 2	Level 3	Total
Consolidated – 31 March 2018	\$'000	\$'000	\$'000	\$'000
Assets:				
Available for sale financial assets: listed equity securities	180	-	-	180
Available for sale financial assets: unlisted equity securities	-	-	120	120
Total assets	180	-	120	300

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

NOTE 16: FAIR VALUE MEASUREMENT

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 2018 annual report due to their short-term nature.

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.

Consolidated	Available-for-sale \$'000	Total \$'000
Balance at 1 April 2018	120	120
Balance at 30 September 2018	120	120

NOTE 17: 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. The Company has provided a security of \$5,657,000 by way of a bank guarantee and the balance of \$1,859,000 as a cash deposit (i.e. \$7,516,000 in total) for its Russell Vale mine. The Company has also provided a security of \$40,010,000 by way of a bank guarantee for its Wongawilli mine.

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.

In New South Wales Supreme Court proceedings 2014/211688, the Company defended an indemnity claim for approximately AUD\$12 million and a further claim for AUD\$6.57 million, plus interest and costs. The loan claim relates to an alleged unpaid loan from Gujarat NRE India Pty Ltd (GNI), part of the Gujarat NRE Group. GNI issued a statutory demand in relation to the loan claim, which was set aside by the Court in prior proceedings. On 23 October 2018, the Court gave judgement in favour of GNI in relation to both claims in the sum of \$23,776,612.82 plus costs. The judgement is stayed until the final determination of the appeal, on the condition that WLC provide a security of \$8.67m by no later than 5 December 2018. The hearing for appeal is expected sometime in March-April 2019.

On November 2016, the Company entered into a binding heads of agreement (HoA) with Bellpac to settle the proceedings initiated by Bellpac in the Supreme Court of New South Wales alleging that conversion of 160 Bonds were not within the redemption rights of the bond agreement and sought, among other things, damages in the amount of over \$9 million (inclusive of interest). The Company is to pay Bellpac a settlement sum of \$6,300,000 (Settlement Sum) and Bellpac is to return to the Company or its nominee 2,472,063,690 shares in WCL, or otherwise consent to the cancellation of the Shares on receipt of the Settlement Sum. The HOA has been varied over time by agreement to extend the time for payment and most recently in order to effect the payment in two tranches as described below.

The current terms of the HOA provide for the Company to obtain shareholder approval to acquire and cancel the 2,472,063,680 ordinary shares that Bellpac holds in the Company (Bellpac Shares) and to pay Bellpac the amount of \$6,300,000 plus interest at 3% per annum calculated from 2 October 2017 until the final date of payment expected on or around 21 December 2018 (Settlement Sum) in return for Bellpac releasing it from the claims made against the Company in the Proceeding and for the Proceeding to be discontinued. The Settlement Sum will be paid in two tranches (a) a release to Bellpac of \$1 million within 7 days of the approval of the buy-back at the proposed extraordinary general meeting and (b) the remaining amount plus interest by 21 December 2018.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

NOTE 17: CONTINGENT LIABILITIES

PCL Shipping commenced arbitral proceedings in Singapore against the Company relating to freight alleged to be owed for a shipment which occurred in August 2013. The Company commenced proceedings in the Supreme Court of NSW seeking, amongst other things, declarations that there is no enforceable agreement between WCL and PCL. By agreement the parties have now requested the arbitral tribunal to discontinue the arbitration in Singapore. The proceedings are now to be heard in the Supreme Court of the NSW. PCL has cross claimed against WCL in those proceedings for US \$3.2m (plus interest plus costs) and other amounts relating to the arbitration. The hearing date is in July 2019.

Wollongong City Council (WCC) is alleging that pursuant to the Development Consent of the Russell Vale Colliery Emplacement Area, the Company is required to provide and maintain a security of \$405,000 for the financial year (2017-18) in favour of WCC. This security amount increases by \$15,000 every year. The matter remains under review by legal advisors of the Company and WCC due to a dispute over such a requirement.

The consolidated entity has received claims for payment in total for \$4,048,000 that is in dispute. Further, the consolidated entity has given notice of claims for a larger amount, which the consolidated entity considers should be offset against the claims made against it. The consolidated entity is continuing to seek legal advice in relation to these matters. Due to legal and commercial sensitivity, no further information could be disclosed at the time of this report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

NOTE 18: COMMITMENTS

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,866	1,299
One to five years	-	33
	1,866	1,332
	1,866	1,332

NOTE 19: 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.

Transactions with related parties

	Consolidated Group	
	30 September 2018	31 March 2018
	\$'000	\$'000
Sales to Jindal Steel and Power (Australia) Pty Ltd ('JSPAL')	9,769	-
Sales to Jindal Power Limited	3,528	-
Sales to ultimate parent entity JSPL	7,348	-
Interest expense incurred on loan from Secured lender through Jindal Steel and Power (Australia) Pty Ltd ('JSPAL')	15,364	25,029

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

NOTE 19: RELATED PARTY TRANSACTIONS

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 2018	31 March 2018
	\$'000	\$'000
Current Payable:		
Net payables to parent entity JSPML*	238,893	201,861
Net payables to Jindal Steel and Power (Australia) Pty Ltd ('JSPAL')**	563,117	555,912
Net payables to ultimate parent entity JSPL	13,497	-
Net payables to Jindal Power Limited	6,755	9,733

*The net payable to the immediate parent JSPML represents funds received of \$208,951,000 (31 March 2018: \$178,656,000) against cash advance facility and accrued interest of \$23,231,000 (31 March 2018: \$23,205,000) thereon as at 30 September 2018 and an additional \$6,711,000 (31 March 2018: \$0) advance on future shipments.

**The net payable to associated company JSPAL represent funds received of \$530,315,000 (31 March 2018: \$537,368,000) against USD\$630 million facility, advances to support working capital 27,077,000 (31 March 2018 21,465,000) and accrued interest of \$5,726,000 (31 March 2018: \$18,544,000) thereon.

Loans to/from related parties

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

Terms and conditions

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

NOTE 20: 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 21: EARNING PER SHARE

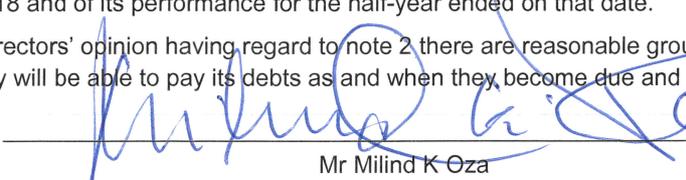
	Consolidated Group	
	30 September 2018	30 September 2017
	\$'000	\$'000
Loss after income tax attributable to the owners of Wollongong Coal Limited	(57,598)	(23,714)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	9,366,977,256	9,366,977,256
Weighted average number of ordinary shares used in calculating diluted earnings per share	9,366,977,256	9,366,977,256
	Cents	Cents
Basic (loss)/ earnings per share	(0.61)	(0.25)
Diluted (loss)/ earnings per share	(0.61)	(0.25)

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 12 to 29, 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 2018 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 Milind K Oza

Dated this 20 November 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Wollongong Coal Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Wollongong Coal Limited ("the company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 September 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 30 September 2018 and of its financial performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss after tax of \$57,598,000 during the half-year ended 30 September 2018 and, as of that date, the Group's net current liabilities were \$889,494,000. These events and/or conditions give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

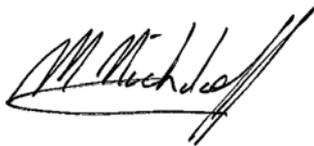
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state 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 Group's financial position as at 30 September 2018 and its financial performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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 other 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*.

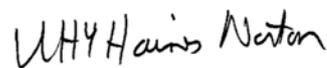


Mark Nicholaeff

Partner

Sydney

Date: 20 November 2018



UHY Haines Norton

Chartered Accountants