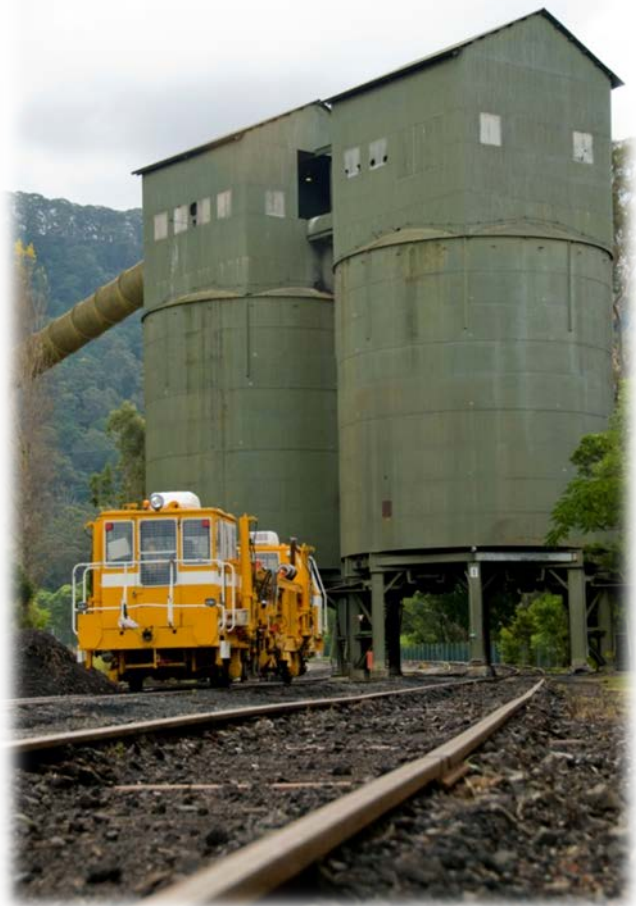


# Quarterly Report

## October – December 2018



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# Quarterly Report

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### Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WCL Totals	
	Jul – Sep 2018	Oct – Dec 2018	Jul – Sep 2018	Oct – Dec 2018	Jul – Sep 2018	Oct – Dec 2018
ROM Production	-	-	114,334	86,648	114,334	86,648
Saleable Production	-	-	114,334	86,648	114,334	86,648
Sales	-	-	87,460	114,370	87,460	114,370

### Russell Vale Colliery

The Russell Vale Colliery remains on Care and Maintenance. A small Care and Maintenance team are managing the asset with activities currently focused on equipment maintenance and management of the underground work environment.

The colliery received an Order in July to remove 200,000 tonnes of coal material from the rejects emplacement area. The commencement of this removal work is expected in February 2019

### Wongawilli Colliery

WCL continued its mining operations at Wongawilli Colliery this quarter. The tonnage produced in the quarter was 86,648 tonnes compared to 114,334 tonnes in the previous quarter. The lifting miner in N3 had a major issue with the cutter head. Parts were procured from overseas. The miner will be commissioned in the panel by end of February 2019. Total sale for the quarter was 114,370 tonnes of coal.

## Health, Safety, Environment & Community

### Health & Safety



Incidents that occurred during the quarter were:

#### **Russell Vale Colliery**

- There were no notifiable incidents in the quarter.

#### **Wongawilli Colliery**

- There were two notifiable injuries in the quarter reported to the Regulator as a Section 128 (5) (n) High Potential Incident whereby the involved personnel were unable to carry out normal duties for greater than 7 days;
  - A contract worker stepped out of back of SMV and felt pain in right knee.
  - A contract worker slipped over at 'main west 2 sump area' landing on his back and self-rescuer. This resulted in a hair line fracture in his left side 9th rib.
- Other incidents reported were:
  - Lost main power and main fan also tripped. Persons were withdrawn to crib room. This incident was reported as a Section 128 (5) (a) and (k) High Potential Incident.

- o An operator was driving an LHD into a panel carrying a tub containing a second tub. The LHD carrying the tubs struck the leading edge of the overcast lid. This collision damaged the overcast, causing a burst air pipe and damage to a HT cable, data cable and a tube bundle line. The operator was not endangered. The damaged overcast impacted on the area ventilation.
- o When using the QDS Boar rig to rib bolt, oil sprayed from the bottom of the rig over the operator. This incident was reported as a Section CL179(a)(iv) Dangerous Incident - Release of pressurised substance
- o A gear box fell from monorail and struck a person's left shoulder and hand/arm during a gear box change-out process. This incident was reported as a Section CL179(a)(iv) Dangerous Incident - Fall from height of thing
- o There was a loss of power during storm. This resulted in the main fan of being off. Persons were evacuated from mine. This incident was reported as a Section 128 (5) (a) and (k) High Potential Incident.
- o There was a hydraulic fault with rib bolter on CM53 causing bolter to incorrectly function. The continuous miner was isolated and out of service tag fitted. This incident was reported as a Section 128 (5) (a) High Potential Incident.
- o A hydraulic hose came away from the drill motor manifold spraying oil onto the operator on CMJ 6752. This incident was reported as a Section 128 (5) (a) High Potential Incident.
- o An incident was reported where a person was driving into the far right visitor parking spot outside the first aid room, when he slipped and panicked and his foot hit the accelerator. The car jumped forward and struck the barrier rail and slid into the barrier

sleepers. This incident was reported as a Section 128 (5) (a) High Potential Incident.

- o Left hand rib bolter on 12CM12 was being used to support the ribs. When gripper jaws were operated the timber jack extended. When the timber jacks were operated to retract it extended. This incident was reported as a Section High Potential Incident Clauses: cl128(5)(a) an event referred to in clause 179 (a) (i)–(xviii) that would have been a dangerous incident if a person were reasonably in the vicinity at the time when the incident or event occurred and in usual circumstances a person could have been in the Incident that would have been a Dangerous Incident clauses: cl179(a)(xii) the unintended activation, movement, or failure to stop of vehicles or machinery
- o A roof fall occurred in the N5 panel return airway. This fall extends above the bolted horizon and extends for the full width of the roadway. The ventilation flow was not substantially affected. The incident was reported to the Regulator as a Section cl 128(5)(c) an unplanned fall of ground, roof or sides that impedes passage, extends beyond the bolted zone or disrupts production or ventilation.
- o There was a loss of external power to the mine from power provider. The main fans were off at 9.35pm. There were three deputies underground at the time (due to industrial action) and these persons were driving to the surface of the mine at the time of the loss of power. The incident was reported to the Regulator as a Section 128 (5) (a) High Potential Incident.
- o Wongawilli Colliery reported an incident where the Hicks 2 conveyor wander limits tripped the belt at the boot end. Smoke was emitted from the tail roller area and upon investigation, the bearing was glowing red hot and bearing material was seen falling off the roller with a trailing flame. The flame was extinguished, the bearing cooled and the area made safe. The



incident was reported to the Regulator as a Section 128 (5) (a) High Potential Incident.

- o There was a roof fall at 4.5 marker Wonga track road. The fall damaged a communications cable and stopped the belts and pumps. Surface tank drained to less than 60% causing mine evacuation. The roof fall extends the whole width and above bolts. The incident was reported to the Regulator as a Section cl 128(5)(c) an unplanned fall of ground, roof or sides that impedes passage, extends beyond the bolted zone or disrupts production or ventilation.

In November 2018, the Wongawilli mine management undertook to conduct a 'Broad Brush' Risk Assessment of their Mine Operations in order to identify the areas of principal risk at the site. The results of the review will be used to help Wollongong Coal ensure that management plans and other controls are in place to safely manage the risks identified, and to help them meet their statutory obligations in relation to occupational health and safety.

The intent of this sort of review is to take a 'broad brush' look at the mine activities undertaken by people working at the Wongawilli site.

Those activities identified with 'high' risk will be the initial priority and further examined and an assessment made as to further steps that should be taken to manage the hazards within those activities.

The risk assessment workshop was conducted over two days on 7th and 8th of November 2018 at the Conference and Training room at Rural Fire Service, Illawarra Fire Control Centre located at Albion Park Rail New South Wales.

Since the broad brush risk assessment, the mine management has commenced a structured review of the Mine Health and Safety Management System which involves reviewing the mine's major hazard management plans and control plans with the prescribed level of workforce consultation. This work will be ongoing in 2019.

The mine is continuing to improve its safety performance through improved start of shift communication sessions, safety accountability and the better use of proactive personal risk assessment tools.

There will be an increased focus on occupational hygiene in the next quarter with a targeted assessment scheduled for early March on exposure to diesel particulates by the regulator.

Wongawilli is continuing its drive to meet its compliance obligations and be injury free. Its strategy is that the behaviour that underpins a zero harm workplace facilitates a productive and profitable operation.

Wongawilli Colliery was successful in recruiting a Health, Safety and Training Manager who commenced in early September 2018.

### Environment & Community



### Russell Vale Colliery

There was one reportable event this quarter to the mining regulator.

- A fall of ground in the main traveling road in the Wonga mains.

The modification application made to the Department of Planning and Environment (DPE) proposing modifications to the project approval regarding Bellambi Gully Creek works was submitted this quarter and is being assessed by DPE. A determination is expected next quarter.

Preparation and lodgement of the Amended Underground Expansion Plan (UEP) for Bord and Pillar (i.e. minimal subsidence) mining plan for Russell Vale colliery is ongoing, however a Working Draft was lodged with DPE this quarter and a Final Draft expected to be completed and lodged in the current quarter.



Notification was made to begin movement of approximately 200 thousand tonnes of the material from the Russell Vale Emplacement Area (RVEA), the movement of material off site is to a suitably licensed facility in consultation with regulatory authorities. Removal work will begin during current quarter.

A final land form for the Russell Vale Emplacement Area is being negotiated with Wollongong City Council and this is ongoing.

Community Consultative Committee (CCC) meeting was held as scheduled on 26<sup>th</sup> November 2018.

### Wongawilli Colliery

There were no reportable environmental incidents during the quarter.

One more new member has been added to the Community Consultative Committee. Four community meetings were held during the year. The last one held on the 6 December 2018. The next meeting is scheduled for the 6 March 2019.

Internal audits and site work programs continued this quarter to address site environmental management. A full time site Environmental Manager is now stationed at the mine and is part of the mine leadership group.

There was a site visit by the EPA in late September 2018. WWC received positive comments back from the regulator in regards to a noticeable improvement to the sites environmental performance

A Notice of variation of License NO. 1087 in regards to PRP 12 was issued to WCL in November 2018. Modification to PRP 12 Section 2 is that WCL is to undertake regular inspections and maintenance on the decline conveyor channel, and report to the EPA twice yearly and a summary report to the EPA by 31 December 2019 that describes the effectiveness of the WCL decline conveyor drain management strategy.

WCL submitted the AEMR for WWC on the 21 December 2018 to the NSW Department of Planning and Environment - Division of Resources and Geoscience which covers the period 1 July 2017 - 30 June 2018. Pursuant to Condition 4 of ML1596, and Condition 3 of ML1565 and CCL766.

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Planning continues with the close out reports for the N1 End of Panel. Surface-water and Ground-water, Ecological, and Subsidence reports are required.

There has been continual improvement with environmental management on site.

- Hydrocarbon filter bag fitted to compressor air tank.
- Residue in oil drums is drained out on a draining tray before the drums are sent off site to be recycled.
- Feral animal control continues on site.
- Weed management continues on site with a focus around surface infrastructure, access road, carparks and high traffic areas.

Site water management continues and the ongoing activities are:

- Decline Surcharge Dam has been cleaned out.
- Decline Settling Dam has been cleaned out.
- Rail Sedimentation Pond has been cleaned out
- Primary Treatment Settlement Pond has been cleaned out.
- Emplacement drain cleaned out.
- Elevator Sump cleaned out.
- Stack out sump cleaned out.
- ROM drain cleaned out.

Waste management on site in this quarter:

- 2,500 ltr of waste oil removed from site during this reporting period.
- 60,000 ltr of black water (sewage) has been removed from site.
- 635kg of cardboard/paper removed from site.
- Approximately 3.9 tonnes of general waste removed from site.
- Approximately 19.6 tonnes of bulk mining waste removed from site.

## Corporate & Financial

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### Cash Advances Facility Agreement

The Company has drawdown facility for cash advances (Facility) for \$300 million from Jindal Steel and Power (Mauritius) Limited. To date, the Company has withdrawn around \$247.63 million.

In addition, the Company has around \$24.84 million from Jindal Steel and Power (Australia) Pty Ltd, wholly owned subsidiary of JSPML as a short term loan.

### Court's decision in Dispute with Gujarat NRE India

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.

On 8 November 2018, the above judgement was stayed until the final determination of the appeal with a condition that the Company provide a security of \$8.67 million by 5 December 2018. The Company has provided cash security of \$8.67 million and hearing for the appeal is scheduled in April 2019.

### Change of Auditors

HY Haines Norton (UHY) have been appointed as the Auditors of the Company effective from 26 October 2018 until the next Annual General meeting at which shareholders' approval will be sought for their re-appointment and continuation as Auditors.

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The appointment of UHY follows resigning of Hall Chadwick (HC) and ASIC consenting to HC's resignation. The change of Auditors has occurred as part of corporate cost review.

### Appointment of non-executive director

Mr Devendra Vyas has been appointed as a non-executive director of the company and its subsidiaries as a nominee of JSPML effectively from 5 November 2018.

### Trading Suspension

On 13 December 2018, the Company's share were put into voluntary suspension pending the release of an announcement with regards to the outcome of the preliminary concern raised by the Australian Securities & Investments Commission (ASIC) re the reliability of the fair value estimate in respect of each of Russell Vale and Wongawilli mines, more specifically the 'Cash Generating Units' (CGUs), contained in the independent valuations referred in the Company's Annual Report for the financial year ended 31 March 2018.

The Company has made its submission and responded to further queries raised by the ASIC and is working towards resolving the matter at the earliest.

### Capital Structure as on 30 September 2018

Shares on issue	9,366,977,256
Unlisted options	2,400,000

### Board of Directors

Mr Milind K Oza –	Chairman and CEO
Dr Andrew Firek –	Non-executive director
Mr Maurice Anghie –	Non-executive director
Mr Devendra Vyas -	Non-executive director ( <i>appointed 5 Nov 2018</i> )

### For Further information

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### Business Address

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