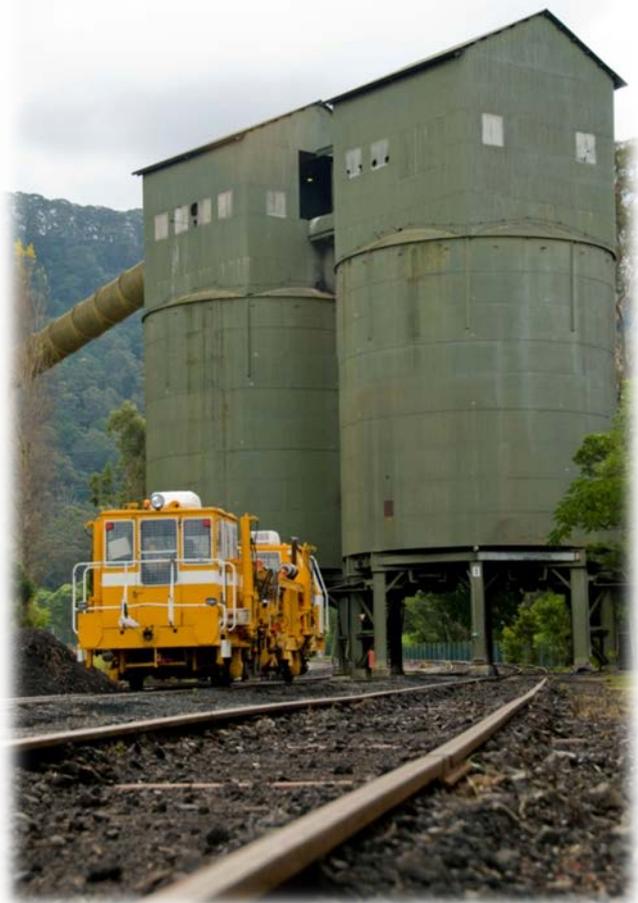




Quarterly Report

January - March 2017





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Production and Sales

	Russell Vale Colliery		Wongawilli Colliery		WCL Totals	
	Oct - Dec 2016	Jan - Mar 2017	Oct - Dec 2016	Jan - Mar 2017	Oct - Dec 2016	Jan - Mar 2017
ROM Production	-	-	96,250	121,648	96,250	121,648
Saleable Production	-	-	96,250	121,648	96,250	121,648
Sales	2,181	-	122,085	80,000	124,266	80,000*

*2,187 tonnes were sourced from a third party.

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.

No production was completed during the quarter.

Wongawilli Colliery

Production at Wongawilli Colliery continued to ramp up in the Jan-Mar 2017 quarter with 121,648 tonnes produced during the quarter.

The pillar extraction of N4 panel was completed in early March 2017, with the panel equipment relocated to the N5 panel. Extraction in N5 has commenced effectively from 15 March 2017. N3 panel commenced pillar extraction on 26 January 2017 after the block was fully developed.

An in-principle agreement has been made with South 32 and the Department of Resources and Energy (DRE) to allow a lease extension into the N5 extended area (providing an additional 237,000 tonnes). This will increase recoverable tonnes within the Nebo domain. Another three (3) areas are being investigated for possible inclusion into the medium term plan. This will provide an additional 450, 000 tonnes, if approved.

Health, Safety, Environment & Community

Health & Safety



Incidents that occurred during the quarter were:

Russell Vale Colliery

Two (2) injuries which required medical treatment were recorded:

- A Mining Supervisor twisted his right wrist while conducting manual handling
- The Compliance Coordinator sustained a back strain while conducting manual handling

Wongawilli Colliery

One (1) minor injury was recorded by the Contract Operator, Delta SBD:

- An Operator injured his ribs as the result of a slip/fall

Environment & Community



Russell Vale Colliery

There was one incident and two complaints received during the quarter. The incident and complaints were related to turbid water being discharged offsite.

Pollution Reduction Program 8 was added to the Colliery's Environment Protection Licence requiring inspections be undertaken of site stormwater piping, that a plan be developed to treat turbid water onsite in the site's dirty water management system and that real time turbidity data from the inflow and discharge points of the site be made available to the public on WCL's website.

WCL continues to liaise with the Environment Protection Authority regarding clean and dirty water management on site.

A revised Care & Maintenance Mine Operations Plan (MOP) was approved by the DRE during the period.

WCL continues to explore all other options including amending the Underground Expansion Plan application to seek approval for Bord and Pillar (i.e. zero subsidence) mining plan for Russell Vale Colliery (Wonga East) that

can take care of community concerns over subsidence and areas of uncertainties identified in the Planning Assessment Commission's report.

Wongawilli Colliery

There were no incidents and one complaint received during the quarter. The complaint was related to noise from Colliery activities. The noise source was related to site processing equipment and was immediately identified and rectified.

The current Pt3A approval has been extended until 2020 to allow extraction of the remaining approved coal blocks in the Nebo and Elouera areas. Further subsidiary environmental approvals are being prepared to increase the areas for extraction in the FY2016-17 and beyond.

A new operational MOP was submitted to DRE for assessment on 30 March 2017.



Corporate & Financial

Cash Advances Facility Agreement

JSPML has provided the Company with a short-term drawdown facility for cash advances (Facility) for \$200 million. To date, the Company has withdrawn around \$177.63 million and not paid any interest.

The Company has also received \$15.95 million from Jindal Steel and Power (Australia) Pty Ltd as a short term loan.

US \$630 Foreign Currency Term Loan

As announced earlier, 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 US \$630 million approximately in two Tranches – to repay existing loans and to part-finance capital expenditures.

WCL has successfully restructured around US \$386.39 million loan and is at an advance stage of restructuring US \$20.84 million loan from MCB with remaining balance of US \$3 million expected to be restructured before the due date in FY18.

Heads of Agreement with Bellpac

WCL entered into a binding heads of agreement (HoA) with Bellpac Pty Limited (receivers and managers appointed) (in liquidation) (Bellpac).

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

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

Key terms of the HoA are as follows:

1. WCL is to pay Bellpac a settlement sum of \$6,300,000 (Settlement Sum) in return of Bellpac, Anthony John Warner and WCL providing a release in relation to all claims including all orders made as to costs in to the proceedings.
2. Bellpac is to return to WCL or its nominee 2,472,063,680 shares in WCL or otherwise consent to the cancellation of the Shares on receipt of the Settlement Sum. The intention is that Bellpac will no longer hold shares in WCL as part of the settlement.
3. The Settlement Sum is to be paid on the latter of the conditions precedent set out in item 4 being satisfied and 28 days from the date the settlement deed is signed.
4. The conditions precedent to the settlement deed are:
 - a. Bellpac obtaining approval under s. 477(2A) of the Corporations Act 2001 (Cth) to enter into the proposed arrangement; and
 - b. WCL (at its cost) obtaining all necessary approvals to buy-back or cancel the Shares as the case may be.
5. The HoA is also conditional on the conditions precedent being satisfied by 13 February 2017 that has now been extended until 15 May 2017.
6. Within 7 days of receipt of the Settlement Sum, Bellpac must file a notice of discontinuance, with the consent and co-operation of WCL, discontinuing the proceedings. This will include no order as to costs.

The Company's application lodged with Supreme Court of New South Wales seeking a court order pursuant to section 259A(c) of the Corporations Act 2001 (Cth) (Corporations Act) permitting WCL to acquire the shares held by Bellpac in WCL was unsuccessful.

With an unfavourable judgment on its application, WCL is left with only realistic option to invoke the procedures under Division 2 of Part 2J.1 of the Corporations Act to conduct a selective buy-back. As part of those procedures, WCL is preparing for a general meeting to seek shareholders' approval to acquire and cancel shares issued to Bellpac.

Capital Structure as on 31 March 2017

Shares on issue	9,366,977,256
Unlisted options	3,200,000

Board of Directors

Mr Milind K Oza –	CEO & director.
Mr Ashish Kumar –	Non-executive director
Dr Andrew Firek –	Non-executive director
Mr Maurice Anghie –	Non-executive director

For Further information

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Business Address

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