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 2017

1. Company Details

Name of entity:	Wollongong Coal Limited
ABN:	28 111 244 896
Reporting period:	For the half-year ended 30 September 2017
Previous Period:	For the half-year ended 30 September 2016

2. Results for Announcement to the Market

Key Information	**Half-year Ended 30 September 2017 $'000**	**Half-year Ended 30 September 2016 $'000**	**% Change**
Revenue from ordinary activities	20,220	9,573	111%
Loss after tax from ordinary activities attributable to the owners of Wollongong Coal Limited	(23,714)	(29,627)	-25%
Net loss for the half year attributable to the owners of Wollongong Coal Limited	(23,714)	(29,627)	-25%

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 $23,714,000 (30 September 2016: $29,627,000).

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 2017 $c/Share	**Half-year Ended 30 September 2016 $c/Share**
Net tangible assets per share	(0.32)	(0.27)

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 2017 is attached.

9. Signed

Signed

Date: 1 December 2017

Mr Milind K Oza

Director

Wollongong Coal Limited
ABN 28 111 244 896

Interim Report – 30 September 2017

Wollongong Coal Limited
Corporate directory
30 September 2017

Directors	Mr Milind K Oza (Chairman) Dr Andrew E. Firek Mr Maurice Anghie
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', 'WLC' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 30 September 2017.

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 Ashish Kumar (resigned as non-Executive Director on 1 September 2017)

Principal activities

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

- mining and producing coal; and
- selling and exporting coal.

Review of Operations

During the half year the consolidated entity's total production was 83,265 tonnes of ROM (run of mine) coal from Wongawilli colliery. Total revenue of the consolidated entity was $20,220,000 (148,794 tonnes sold) compared to $9,573,000 (217,855 tonnes sold) for 6 months to 30 September 2016 primarily due to an improvement in the coal price. The loss for the consolidated entity after providing for income tax amounted to $23,714,000 (30 September 2016: loss $29,627,000).

The loss is after a net impairment charge of $135,000 (30 September 2016: $1,515,000), and a net foreign exchange gain of $9,786,000 (30 September 2016: loss of $2,514,000) 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

Operations at Wongawilli colliery – were halted at the end of May 2017 due to the Mining Contractor SBD Services Pty Ltd (SBD) entering into voluntary administration (currently in liquidation). The mining contract with SBD was terminated and the company resumed the role of Mine Operator for Wongawilli colliery on or around 6 July 2017. Significant remedial works were undertaken in July and August 2017 to address the general state of the mine that had been poorly maintained by SBD. Eventually mining operations were restored and production commenced albeit at reduced rate in September 2017. The company is in process of further development and acquiring necessary mining equipment to increase the production rate effectively from January 2018.

Environment and Community - There were no incidents or complaints received during the half year.

DIRECTORS' REPORT

The site inspection undertaken by the Department of Planning and Environment (DPE), Department of Resource and Geoscience (DRG) and Environmental Protection (EPA) staff as a part of the Annul Environmental Management Report review was after a 4-day period of heavy and sustained rainfall with approximately 195mm of rain fall in March 2017. Elements of the site's stormwater system were observed to be eroded, damaged and had lost capture and transfer capacity due to accumulated solids during the site inspection. This included: sediment dams; sediment basins; SW diversions and the decline conveyor stormwater drain. A Pollution Reduction Program 12 (PRP12) was added to the Colliery's Environment Protection Licence requiring a maintenance and assessment of the site stormwater system. The immediate maintenance works of the site stormwater system was completed during the April to June quarter. The assessment of the site stormwater system has been completed by an independent expert and submitted to the EPA. WCL continues to liaise with the EPA regarding clean and dirty water management on site.

Russell Vale colliery – remains in care and maintenance.

Zero-subsidence long-term stable plan for Wonga East – Following unfavourable decision from the Land and Environment Court on the Company's application to set aside the Planning Assessment Commission's review report on underground expansion project Pt3A (UEP) for longwall extraction at Russell Vale colliery, the Company has been working upon amending its UEP application from longwall mining plan to board and pillar mining plan. As on the date of this report, the preparation of the amended UEP for necessary submission remains in process.

Environment and Community - There were no incidents or complaints received during the half year.

The turbid stormwater that contained fine suspended matter was discharged from the site stormwater control dam during and after heavy rainfall in March 2017. Discharge of turbid water also occurred from fractured and poorly sealed in the connections of Bellambi Gully Stormwater Diversion Pipe and the coal wash emplacement area clean water collection system. A Pollution Reduction Program 8 (PRP8) was added to the Colliery's Environment Protection Licence requiring:

- inspection of site stormwater piping;
- a plan be developed to treat turbid water onsite in the site's dirty water management system; and
- real time turbidity data from the inflow and discharge points of the site be made available to the public on WCL's website.

The inspection of site stormwater piping has been completed by an independent expert. The real time turbidity data from the inflow and discharge points of the site has been made available to public on WCL's website. WCL continues to liaise with the Environment Protection Authority (EPA) regarding clean and dirty water management on site.

DIRECTORS' REPORT

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 extended until 30 September 2018. To date, the Company has withdrawn around $177.66 million. No interest has been paid. The Company has also received short term funding of around $16.28 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 – US $430 million to repay existing loans and US $200 million to part-finance capital expenditures.

To date, US $395 million has been disbursed by some of the Lenders to the Company through JSPAL. Funds were used to repay existing loans. Despite making some good progress earlier, the restructuring of US $20.84 million loan from Mauritius Commercial Bank remains pending. The Company has received a notice (Default Notice) from MCB notifying WLC of a number of events of default under the MCB Facility Agreement. The Company continues with its efforts regarding this Default Notice and the terms upon which the existing facility might be restructured.

Potential sale of non-core land

The Company has been investigating potential sale of the non-core land owned by WLC. WLC's total landholding comprises 455.24 hectares (Ha) located at Wongawilli – 15 kilometres southwest of Wollongong. Of this total landholding, WLC considers approximately 279.98 Ha as necessary for WLC's coal mining operations. WLC considers the balance of the land is suitable for sub-division redevelopment over the short, medium and long term (Non-Operational Land).

To this end, WLC has undertaken a preliminary analysis, including engaging advisors and canvassing interest from developers, in relation to the potential sale of part of the Non-Operational Land.

WLC's priority is and remains its mining operations. However, WLC has been investigating divesting of the Non-Operational Land for the following reasons:

1. given the state of the real estate market in Wollongong and the prices at which adjacent properties to the Non-Operational Land have been sold, WLC could derive substantial proceeds from the sale of the Non-Operational Land;

2. these proceeds could then be used to reduce WLC's financial indebtedness which would substantially improve WLC's financial position and also be used to cover its operation costs (subject to approval from the secured lenders); and

3. the sale of the Non-Operational Land will not impact on the core mining operations of WLC and WLC has no intention to compromise its mining operations.

Approvals required for sale for Non-Operational Land

WLC notes that the zoning of the Non-Operational Land allows for residential sub-division and housing, i.e. a rezoning is not required for the majority of it, which allows reduced planning risk for potential purchasers of the land.

However, there are two important further planning consent steps that will need to be taken before a developer can move onto the Non-Operational Land and sub-divide in order to sell individual lots to home builders and home buyers, being:

1. Neighbourhood Plan (NP): a sub-division showing the number and location of future sub-division lots and approved by the local Council a consent authority; and

2. Development Application (DA) Approval: this approval is the final permission step to proceed with sub-division.

DIRECTORS' REPORT

In addition, WLC is in consultation with the ASX as to whether shareholder approval may be required in relation to the potential sale of the Non-Operational Land.

Proposed sale of Initial Lots - At this stage and in order to test the market for the sale of the Non-Operational Land, WLC has identified (with the assistance of advisers) an initial parcel of 33 lots/6.34 ha (Initial Lots) as the part of the Non-Operational Land that is likely to be most attractive for sale because it is adjacent to land that has already been developed and sold by third parties as residential real estate. WLC has entered into a conditional agreement for the sale of the Initial Lots which is subject to a number of conditions mentioned above and clearance from the secured lenders. WLC has lodged an application for DA with the Council in respect of the Initial Lots.

Withholding Tax Liabilities on interest payments to non-residents

The Company's obligation to withhold and remit withholding tax on interest payments made to non-residents between 1 April 2010 and 31 March 2014 has recently been reviewed and audited by the Australian Taxation Office (ATO). As per the Finalisation of Audit Letter dated 20 September 2017, the ATO considers that the Company should have deducted and remitted withholding tax totalling $3,914,000 on interest paid to non-residents on certain loans, in circumstances where no withholding tax was actually deducted by the Company. Following the finalisation of the audit, the ATO issued a penalty notice to the Company in the amount of $3,914,000 payable to the ATO. The Company lodged an objection against this penalty notice to the extent of $2,089,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

Following the above assessment from the ATO, the Company voluntarily disclosed interest payments to non-residents post 1 April 2014 period resulting ATO issuing a penalty notice to the Company in the amount of $3,948,000. The Company is lodging an objection against this penalty notice to the extent of $1,986,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

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.

Director resigns

Mr Ashish Kumar has resigned from the position of director of the Company and its subsidiaries effectively from 1 September 2017.

Update on litigations and legal matters

- On 16 November 2017, the Supreme Court of New South Wales gave judgment in favour of NRE Resources Pty Ltd against the Company in an amount yet to be determined which is expected to fall within the range of $1.5m to $2.5m plus costs. The judgment amount is likely to be entered before the end of this calendar year.

  This judgment arises from a proceeding initially commenced by the Company against NRE Resources Pty Ltd for amounts owing under an intercompany loan account. In June 2017, NRE Resources Pty Ltd filed a cross-claim against the company, alleging and seeking indemnity for an amount it provided to the Mauritius Commercial Bank as security for the Company's obligations under that loan. NRE Resources was part of Gujarat NRE Group, previous major shareholder of the Company before October 2013. The Company is considering an appeal.

- The Company is defending an indemnity/restitution claim based on implied terms for approximately $20.45 million for damages and indemnity from Gujarat NRE India Pty Ltd. These claims include AUD$6.57 million relating to alleged unpaid loan for which GNIPL issued a statutory demand, which was later set aside by the Court. The matter has been part-heard and adjourned in March and September 2017. The next hearing date is yet to be fixed.

DIRECTORS' REPORT

- The Company has 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 Company lodged an application with Supreme Court of NSW to acquire and cancel shares issued to Bellpac. With an unfavourable judgment on its application, Wollongong Coal was left with option to invoke the procedures under Division 2 of Part 2J.1 of the Corporations Act to conduct a selective buy-back. Wollongong Coal is preparing for a general meeting to seek shareholders' approval to acquire and cancel shares issued to Bellpac. The meeting is expected sometime in March 2018.

- Wongawilli Coal has now settled its dispute with ATF Mining Electrics Pty Ltd trading as AMP Control over alleged damages exceeding AU$742,000 for repudiation of an alleged contract. As per the settlement, Wongawilli Coal has paid $235,000 with balance of $40,000 remains payable in 2 monthly instalments.

- 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 yet to be fixed.

- Wongawilli Coal is defending a claim brought in the District Court of NSW by Pacific National (NSW) Pty Ltd under an indemnity for loss alleged to have arisen in connection with a rail accident that occurred near Port Kembla Coal Terminal. The claim is for $354,000 plus interest and costs. The parties are involved in negotiations to resolve the claim.

- On 8 November 2017, a Local Court Magistrate held offences brought by the Department of Planning and Environment under section 292C of the Mining Act 1992 (NSW) relating to the failure of Wollongong Coal Limited and Wongawilli Coal Pty Limited to pay rental fees and administrative levies proven.

  The annual rental fees and annual administrative levies were paid by Wongawilli Coal Pty Limited in December 2016. The annual rental fee and annual administrative levy for Wollongong Coal Ltd was paid in August 2016. The Department brought the proceedings in June 2017 after the fees and levies were paid. The convictions and fines have been stayed pending appeal.

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.

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

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

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Sydney NSW 2000
Australia

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 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 2017 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 2017

Wollongong Coal Limited
Contents
30 September 2017

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

		Consolidated Group	
	Note	**Half-year Ended 30 September 2017**	**Half-year Ended 30 September 2016 ***
		$'000	**$'000**
Revenue	5	20,220	9,573
Other income	5	771	76
Expenses			
Changes in inventories of finished goods and work in progress		1,854	(1,433)
Raw materials and consumables used		(6,543)	(426)
Employee benefits expense		(4,110)	(5,625)
Depreciation and amortisation expenses		(15,044)	(12,250)
Impairment of financial assets		(135)	(1,515)
Net foreign exchange gain		9,786	(2,514)
Finance costs		(13,007)	(6,589)
Other operating expenses		(17,506)	(8,924)
Loss before income tax benefit		(23,714)	(29,627)
Income tax benefit		-	-
Loss after income tax expense for the half-year attributable to the owners of Wollongong Coal Limited		(23,714)	(29,627)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
(Loss)/ gain on revaluation of available-for-sale financial assets		(210)	45
Transfer to profit or loss on impairment of available-for-sale financial assets		135	1,515
Other comprehensive (loss)/income for the half-year, net of tax		(75)	1,560
Total comprehensive income for the half-year attributable to the owners of Wollongong Coal Limited		(23,789)	(28,067)
Earnings per share		**Cents**	**Cents**
From continuing and discontinued operations:			
– Basic loss per share	21	(0.25)	(0.35)
– Diluted loss per share	21	(0.25)	(0.35)

* See note 23 for details in relation to restatement

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	Consolidated Group	
		As at 30 September 2017	**As at 31 March 2017 ***
		$'000	**$'000**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,840	6,728
Trade and other receivables	7	1,552	4,597
Inventories	8	3,514	6,173
Deposits and other assets	11	8,936	7,502
Assets held for sale		151	151
TOTAL CURRENT ASSETS		18,993	25,151
NON-CURRENT ASSETS			
Available-for-sale financial assets	9	300	510
Property, plant and equipment	10	795,476	797,164
Deposits and other assets	11	7,890	6,915
TOTAL NON-CURRENT ASSETS		803,666	804,589
TOTAL ASSETS		822,659	829,740
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	50,192	33,662
Borrowings	13	757,142	757,729
Provisions	14	2,976	3,366
TOTAL CURRENT LIABILITIES		810,310	794,757
NON-CURRENT LIABILITIES			
Provisions	14	42,536	35,110
TOTAL NON-CURRENT LIABILITIES		42,536	35,110
TOTAL LIABILITIES		852,846	829,867
NET ASSETS		(30,187)	(127)
EQUITY			
Issued capital	15	913,690	913,690
Reserves		(4,617)	1,729
Accumulated losses		(939,260)	(915,546)
TOTAL EQUITY		(30,187)	(127)

* See note 23 for details in relation to restatement

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

Consolidated Group	Note	Issued capital	Reserves	Accumulated losses	Total
		$'000	$'000	$'000	$'000
Balance at 1 April 2016		905,107	2,243	(916,198)	(8,848)
Adjustment on correction of error	23	-	-	5,614	5,614
Balance at 1 April 2016 (restated)		905,107	2,243	(910,584)	(8,848)
Comprehensive income					
Loss after income tax benefit for the half year		-	-	(30,408)	(30,408)
Adjustment on correction of error	23	-	-	781	781
Loss after income tax benefit for the half year (restated)		-	-	(29,627)	(29,627)
Other comprehensive income for the half-year, net of tax		-	1,560	-	1,560
Total comprehensive income for the half-year		-	1,560	(29,627)	(28,067)
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		-	(523)	-	(523)
Balance at 30 September 2016		913,690	2,611	(939,542)	(23,241)
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 year, net of tax		-	(75)	-	(75)
Total comprehensive income for the half-year		-	(75)	(23,714)	(23,789)
Transactions with owners, in their capacity as owners:					
Share buy back reserve		-	(6,300)	-	(6,300)
Share based payments	22	-	29	-	29
Balance at 30 September 2017		913,690	(4,617)	(939,260)	(30,187)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

	Consolidated Group	
	Half-year Ended 30 September 2017	Half-year Ended 30 September 2016
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	27,106	5,738
Payments to suppliers and employees	(15,810)	(26,496)
Interest received and other income received	688	83
Interest and other finance costs paid	(12,221)	(12,308)
Net cash used in operating activities	(237)	(32,983)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	-	(467)
Payments for mine development	(10,067)	(5,343)
Drawdown for Port Kembla coal terminal	(2,409)	(1,226)
Proceeds from sale of property, plant and equipment	3,763	-
Proceeds from release of security deposits	-	455
Net cash used in investing activities	(8,713)	(6,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Jindal Steel & Power (Australia) Ltd	10,192	66,589
Proceeds from Jindal Steel & Power (Mauritius) Ltd	-	25,225
Repayment of term borrowings	(3,130)	(52,750)
Net cash provided by financing activities	7,062	39,064
Net (decrease) in cash held and cash equivalents	(1,888)	(500)
Cash and cash equivalents at beginning of the financial half-year	6,728	6,505
Cash and cash equivalents at end of the financial half-year	4,840	6,005

The accompanying notes form part of these financial statements.

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 30 November 2017. The directors have the power to amend and reissue the financial statements.

NOTE 2: GOING CONCERN

The consolidated entity reported a net loss of $23,714,000 in the financial half-year ended on 30 September 2017 compared to $29,627,000 in the previous corresponding financial half year. The loss is after a net foreign exchange gain of $9,786,000 (30 September 2016: loss of $2,514,000).

Net current liabilities of $791,317,000 (31 March 2017: $769,606,000) 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 2018 is $26,579,000, 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
- the Mining Contractor SBD Services Pty Ltd (SBD) at Wongawilli colliery entering into voluntary administration (currently in liquidation) and Wongawilli colliery only recommencing in September 2017 albeit at reduced level.

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 $6.5 million from Jindal Steel and Power (Australia) Pty Limited during the reporting period of half year and up to the date of this report.

The Company has received a support letter dated 23 November 2017 from JSPML reiterating their previous support letter issued on 2 February 2017 stating that JSPML will continue to support the consolidated entity for at least up to 31 December 2018.

In addition, Jindal Steel and Power (Mauritius) Limited (JSPML) has renewed its working capital facility of $200 million up to 30 September 2018.

The Company has also received a letter of support dated 29 November 2017 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 2018 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 31 December 2018).

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

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 2017. Notwithstanding such breaches, the consolidated entity has received a default notice from Mauritius Commercial Bank (MCB) for an unpaid sum of US $24.06 million consisting of instalment repayments plus interest and default interest. The Company with the support of Jindal Group continues with its efforts regarding this Default Notice and the terms upon which the existing facility might be restructured.

Recommencement of operations at Wongawilli colliery

After production halt in production at Wongawilli colliery at the end of May 2017 due to the Mining Contractor SBD Services Pty Ltd (SBD) entering into voluntary administration (currently in liquidation), the company has resumed the role of Mine Operator for Wongawilli colliery. Significant remedial works have been undertaken, operations restored and production commenced albeit at reduced rate in September 2017. The company is in process of further development and acquiring necessary mining equipment to increase the production rate effectively from January 2018

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 FY2018.

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the half-year reporting period ended 30 September 2017 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 2017 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.

NOTE 5: REVENUE

	Consolidated Group	
	Half-year Ended 30 September 2017	Half-year Ended 30 September 2016
	$'000	$'000
Sales revenue		
Export coal sales	19,545	9,566
Other revenue		
Rent	7	7
Other revenue	668	-
	675	7
Revenue	20,220	9,573
Other income		
Interest	13	76
Gain on disposal of property, plant and equipment	758	-
Other income	771	76

NOTE 6: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated Group	
	30 September 2017	31 March 2017
	$'000	$'000
Cash at bank	85	184
Cash on deposit *	4,755	6,544
	4,840	6,728

* Cash and cash equivalents at 30 September 2017 includes $4,755,000 (31 March 2017: $5,862,000) restricted cash held and maintained for debt service coverage.

NOTE 7: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	30 September 2017	**31 March 2017**
	$'000	**$'000**
Trade receivables	418	450
Other receivables	243	716
Prepayments	891	3,431
	1,552	4,597

NOTE 8: CURRENT ASSETS – INVENTORIES

	Consolidated Group	
	30 September 2017	**31 March 2017**
	$'000	**$'000**
Stores and consumables – at cost	3,558	3,617
ROM coal stock – at cost	371	2,901
ROM coal stock – at net realisable value	-	70
Less: Provision for impairment	(415)	(415)
	3,514	6,173

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

	Consolidated Group	
	30 September 2017	**31 March 2017**
	$'000	**$'000**
Shree Minerals Limited	180	390
Port Kembla Coal Terminal	120	120
	300	510

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

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

	Consolidated Group	
	30 September 2017	**31 March 2017**
	$'000	**$'000**
Land and Buildings – at cost	46,398	46,398
Less: Accumulated depreciation	(1,100)	(1,058)
	45,298	45,340
Plant and Equipment – at cost	251,012	267,393
Less: Accumulated depreciation	(131,617)	(134,789)
	119,395	132,604
Mine development – at cost	763,766	747,405
Less: Accumulated depreciation	(113,665)	(108,867)
Less: Impairment	(144,409)	(144,409)
	505,692	494,129
Mine lease – at cost	387,276	387,276
Less: Accumulated depreciation	(995)	(995)
Less: Impairment	(261,190)	(261,190)
	125,091	125,091
	795,476	797,164

Consolidated	Land and Buildings $'000	Plant and Equipment $'000	Mine Development $'000	Mine Lease $'000	Total $'000
Balance at 1 April 2017	45,340	132,604	494,129	125,091	797,164
Additions	-	-	16,361	-	16,361
Disposals	-	(3,005)	-	-	(3,005)
Depreciation expense	(42)	(10,204)	(4,798)	-	(15,044)
Balance at 30 September 2017	45,298	119,395	505,692	125,091	795,476

*Included in this balance is $6,294,000 in capitalised interest on the bank borrowing facilities.

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

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 $418,425,000
- Wongawilli Colliery $326,501,000
- Avondale mining leases $50,549,000

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$117;
- Long-term exchange rate of US$1.00: AUD$0.75;
- Life of each mine over 25 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 2017	31 March 2017
	$'000	$'000 *
CURRENT		
Security deposits	2,207	2,207
Amounts advanced to PKCT under subordinated facility	1,006	798
Amounts advanced to PKCT under senior facility	5,723	4,497
	8,936	7,502
NON-CURRENT		
Russell Vale Colliery Trust Funds	393	393
Amounts advanced to PKCT under subordinated facility	7,497	6,522
	7,890	6,915

* See note 23 for details in relation to restatement

NOTE 12: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated Group	
	30 September 2017	31 March 2017
	$'000	$'000
Trade payables	19,202	7,275
Accruals	25,369	19,337
Other payables	5,621	7,050
	50,192	33,662

NOTE 13: CURRENT LIABILITIES - BORROWINGS

	Consolidated Group	
	30 September 2017	**31 March 2017**
	$'000	**$'000**
Bank loans (secured)	25,511	28,843
JSPAL term loan (secured)	532,438	534,641
JSPML working capital loan (unsecured)	199,193	194,245
	757,142	757,729

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 – US $430 million to repay existing loans and US $200 million to part-finance capital expenditures.

To date, US $395 million has been disbursed by some of the Lenders to the Company through JSPAL. Funds were used to repay existing loans. Despite making some good progress earlier, the restructuring of US $20.84 million loan from Mauritius Commercial Bank remains pending. The Company has received a notice (Default Notice) from MCB notifying WLC of a number of events of default under the MCB Facility Agreement. The Company continues with its efforts regarding this Default Notice and the terms upon which the existing facility might be restructured.

To continue to assist the consolidated entity with its cash flow, the intermediate parent entity JSPML has provided its short-term cash advance facility of $200 million during the current financial half year.

NOTE 14: PROVISIONS

	Consolidated Group	
	30 September 2017	**31 March 2017**
	$'000	**$'000**
Current		
Provision for employment entitlements	2,976	3,366
	2,976	3,366
Non-current		
Provision for mine restoration liability	42,536	35,110
	42,536	35,110

NOTE 15: EQUITY – ISSUED CAPITAL

	Consolidated Group			
	30 September 2017	**31 March 2017**	**30 September 2017**	**31 March 2017**
	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.

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

Consolidated – 30 September 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'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

Consolidated – 31 March 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets:				
Available for sale financial assets: listed equity securities	390	-	-	390
Available for sale financial assets: unlisted equity securities	-	-	120	120
Total assets	390	-	120	510

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

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 2017 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.

	Available-for-sale	**Total**
Consolidated	**$'000**	**$'000**
Balance at 1 April 2017	120	120
Balance at 30 September 2017	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's obligation to withhold and remit withholding tax on interest payments made to non-residents between 1 April 2010 and 31 March 2014 has recently been reviewed and audited by the Australian Taxation Office (ATO). As per the Finalisation of Audit Letter dated 20 September 2017, the ATO considers that the Company should have deducted and remitted withholding tax totalling $3,914,000 on interest paid to non-residents on certain loans, in circumstances where no withholding tax was actually deducted by the Company. Following the finalisation of the audit, the ATO issued a penalty notice to the Company in the amount of $3,914,000 payable to the ATO. The Company lodged an objection against this penalty notice to the extent of $2,089,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax. Following the above assessment from the ATO, the Company voluntarily disclosed interest payments to non-residents post 1 April 2014 period resulting ATO issuing a penalty notice to the Company in the amount of $3,948,000. The Company is lodging an objection against this penalty notice to the extent of $1,986,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

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 $676,000 to the PKCT.

The Company is defending an indemnity/restitution claim based on implied terms for approximately $20.45 million for damages and indemnity from Gujarat NRE India Pty Ltd. These claims include AUD$6.57 million relating to alleged unpaid loan for which GNIPL issued a statutory demand, which was later set aside by the Court. The matter has been part-heard and adjourned in March and September 2017. The next hearing date is yet to be fixed.

NOTE 17: CONTINGENT LIABILITIES

On 16 November 2017, the Supreme Court of New South Wales gave judgment in favour of NRE Resources Pty Ltd against the Company in an amount yet to be determined which is expected to fall within the range of $1.5m to $2.5m plus costs. The judgment amount is likely to be entered before the end of this calendar year. This judgment arises from a proceeding initially commenced by the Company against NRE Resources Pty Ltd for amounts owing under an intercompany loan account. In June 2017, NRE Resources Pty Ltd filed a cross-claim against the company, alleging and seeking indemnity for an amount it provided to the Mauritius Commercial Bank as security for the Company's obligations under that loan. NRE Resources was part of Gujarat NRE Group, previous major shareholder of the Company before October 2013. The Company is considering an appeal.

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 yet to be fixed.

Wongawilli Coal is defending a claim brought in the District Court of NSW by Pacific National (NSW) Pty Ltd under an indemnity for loss alleged to have arisen in connection with a rail accident that occurred near Port Kembla Coal Terminal. The claim is for $354,000 plus interest and costs. The parties are involved in negotiations to resolve the claim.

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.

NOTE 18: COMMITMENTS

	Consolidated Group	
	30 September 2017	**31 March 2017**
	$'000	**$'000**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,203	1,505
One to five years	78	1,016
	1,281	2,521

The Company has entered into a facility agreement with Port Kembla Coal Terminal on 12 June 2015 for a total commitment of $10,000,000, of which the capital commitment contracted but not provided for as at 30 September 2017 amount to $Nil.

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.

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 2017	**31 March 2017**
	$'000	**$'000**
Current receivable:		
Net payables to parent entity JSPML*	199,193	194,245
Net payables to Jindal Steel and Power (Australia) Pty Ltd ('JSPAL') **	532,438	534,641

*The net payable to the immediate parent JSPML represents funds received of $177,656,000 against cash advance facility and accrued interest of $21,537,000 (31 March 2017: $194,245,000) thereon as at 30 September 2017.

**The net payable to associated company JSPAL represent funds received of $520,250,000 against USD$630 million facility and accrued interest of $12,188,000 thereon.

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. Obligations on this guarantee have been cancelled on the 4th October 2017.

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 2017	**30 September 2016 ***
	$'000	**$'000**
Loss after income tax attributable to the owners of Wollongong Coal Limited	(22,214)	(29,627)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	9,366,977,256	8,507,511,829
Weighted average number of ordinary shares used in calculating diluted earnings per share	9,366,977,256	8,507,511,829
	Cents	**Cents**
Basic (loss)/ earnings per share	(0.25)	(0.35)
Diluted (loss)/ earnings per share	(0.25)	(0.35)

* See note 23 for details in relation to restatement

NOTE 22: 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:

- $29,000 share-based payments expensed on options issued to employees and directors.

NOTE 23: RESTATEMENT OF COMPARATIVES

During the year, the company undertook a detailed review of its receivable accounts and discovered that certain of the receivable advanced to PKCT was incorrectly written off in profit or loss in the previous financial periods. As a consequence, the receivable had been incorrectly accounted for as an expense instead of loan receivable due from PKCT in accordance with the contractual facilities agreement.

The error has been corrected by restating each of the affected accounts for the prior periods as summarised below.

	As at 30 September 2016	Increase/ (Decrease)	As at 30 September 2016 Restated	As at 31 March 2017	Increase/ (Decrease)	As at 31 March 2017 Restated
Statement of financial position (extract)						
Deposits and other assets (current)	5,068	465	5,533	6,704	798	7,502
Deposits and other assets (non-current)	393	5,930	6,323	393	6,522	6,915
Net assets	(29,636)	6,395	(23,241)	(7,447)	7,320	(127)
Accumulated losses	(945,937)	6,395	(939,542)	(922,866)	7,320	(915,546)
Total equity	(29,636)	6,395	(23,241)	(7,447)	7,320	(127)

	Half-year Ended 30 September 2016	Profit Increase/ (Decrease)	Half-year Ended 30 September 2016 Restated
Statement of profit or loss (extract)			
Other expenses	(9,705)	781	(8,924)
Loss before income tax benefit	(30,408)	781	(29,627)
Income tax benefit	-	-	-
Loss after income tax benefit	(30,408)	781	(29,627)

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 30, 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 Milind K Oza

Dated this 1 day of December 2017

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

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WOLLONGONG COAL LIMITED AND ITS CONTROLLED ENTITIES

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 September 2017, 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 Wollongong Coal Limited 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 Wollongong Coal Limited's financial position as at 30 September 2017 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 Wollongong Coal Limited, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Wollongong Coal Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

HALL CHADWICK (NSW)

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

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
WOLLONGONG COAL LIMITED
AND ITS CONTROLLED ENTITIES

Conclusion

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 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 2017 and of its performance for the half-year ended on that date; and

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial report, which indicates that the group incurred a net loss of $23,714,000 during the half-year ended 30 September 2017, and as of that date, the group's current liabilities exceeded its current assets by $791,317,000. As stated in Note 2, these events or conditions, along with other matters set forth in Note 2, indicate 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 and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 30 November 2017