Whitehaven Coal Limited
and its controlled entities
ABN 68 124 425 396

Annual Financial Report

For the year ended 30 June 2015

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The Directors present their report together with the consolidated financial report of Whitehaven Coal Limited ('the Company' or 'Whitehaven'), being the Company, its subsidiaries, and the consolidated entity's interest in joint ventures for the year ended 30 June 2015 and the auditor's report thereon.

1 PRINCIPAL ACTIVITIES

The principal activity of the Group during the period was the development and operation of coal mines in New South Wales. During the year ended 30 June 2015, Whitehaven Coal Limited and its controlled entities ('the Group') substantially completed construction of the Maules Creek open cut mine.

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year that have not been noted in the review of operations.

2 DIRECTORS AND EXECUTIVES

2 (a) Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	**Experience, special responsibilities and other directorships**
The Hon. Mark Vaile AO Chairman Independent Non-Executive Director Appointed: 3 May 2012	As Deputy Prime Minister of Australia and Leader of the National Party from 2005 to 2007, Mark established an extensive network of contacts throughout Australia and East Asia. His focus at home was with regional Australia and particularly northern NSW. As one of Australia's longest serving Trade Ministers from 1999 through until 2006 Mark led negotiations which resulted in Free Trade Agreements being concluded with the United States of America, Singapore and Thailand as well as launching negotiations with China, Japan and ASEAN. Importantly, early in his Ministerial career as the Minister for Transport and Regional Services, Mark was instrumental in the establishment of the ARTC which operates the Hunter Valley rail network. Mark brings significant experience as a company director having been Chairman of Aston Resources and CBD Energy Limited, and is currently an independent Director on the boards of Virgin Australia Limited and Servcorp Limited which are both listed on the ASX. Mark is also a Director of Stamford Land Corp which is listed on the Singapore Stock Exchange, a Director Trustee of HostPlus Superfund and Chairman of Palisade Regional Infrastructure Fund.
John Conde AO BSc, BE (Electrical) (Hons), MBA (Dist) Deputy Chairman Independent Non-Executive Director Appointed: 3 May 2007	John has over 30 years of broad based commercial experience across a number of industries, including the energy sector, and was chairman of the company prior to the merger with Aston Resources. John is chairman of Bupa Australia and New Zealand, Cooper Energy Limited and The McGrath Foundation. He is also president of the Commonwealth Remuneration Tribunal and a non-executive director of the Dexus Property Group. He retired as chairman of the Sydney Symphony Orchestra in May 2015. He was previously chairman of Ausgrid (formerly Energy Australia) and Destination NSW. He was formerly chairman and managing director of Broadcast Investment Holdings, as well as a non-executive director of BHP Billiton Limited and Excel Coal Limited

2 DIRECTORS AND EXECUTIVES (CONT.)

2 (a) Directors (cont.)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Paul Flynn BComm, FCA Managing Director Appointed: 25 March 2013 Previously Non-Executive Director Appointed: 3 May 2012	Paul has extensive experience in the mining, infrastructure, construction and energy sectors gained through 20 years as a professional advisor at Ernst & Young. Paul was formerly Chief Executive Officer and Managing Director of the Tinkler Group. Prior to joining the Tinkler Group, Paul was the managing partner of Ernst & Young's Sydney office and a member of its Oceania executive team. As a partner for over eight years, Paul managed many of the firm's largest mining and energy clients across Australia, Asia, South and North America. Paul has also fulfilled various leadership roles with large corporations on secondment including as the CFO of a top 50 listed company.
Tony Haggarty MComm, FAICD Non-Executive Director from 25 March 2013 Previously Managing Director to 24 March 2013 Appointed: 3 May 2007	Tony has over 30 years' experience in the development, management and financing of mining companies, and was co-founder and Managing Director of Excel Coal Limited from 1993 to 2006. Prior to this, Tony worked for BP Coal and BP Finance in Sydney and London, and for Agipcoal as the Managing Director of its Australian subsidiary. Tony was appointed to the Board of Whitehaven on 3 May 2007 and was appointed Managing Director on 17 October 2008.
Christine McLoughlin BA, LLB (Honours), FAICD Independent Non-Executive Director Appointed: 3 May 2012	Christine has more than 25 years' experience working in diverse and highly regulated sectors in Australia, UK and South East Asian markets. Christine has expertise in strategy, risk, stakeholder engagement and human resources in industries including financial services, telecommunications, health and nuclear science. Christine is currently a Director of Suncorp Group Limited, nib Holdings Ltd and Spark Infrastructure Group. She was formerly Chairman of the Australian Payments Council and a former Director of the Australian Nuclear Science & Technology Organisation (ANSTO), the Victorian Transport Accident Commission and Westpac insurance companies in Australia and New Zealand.
Raymond Zage BSc Finance Non-Executive Director Appointed: 27 August 2013	Raymond is the Managing Director and Chief Executive Officer of Farallon Capital Asia which is responsible for investing capital in Asia on behalf of Farallon Capital Management, one of the largest alternative asset managers in the world. Raymond has been involved in investments throughout Asia in various industries including financial services, infrastructure, manufacturing, energy and real estate. Previously Raymond was in the investment banking division of Goldman, Sachs & Co. in Singapore, New York and Los Angeles.

2 DIRECTORS AND EXECUTIVES (CONT.)

2 (a) Directors (cont.)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Dr Julie Beeby BSc (Hons I), PhD (Physical Chemistry), MBA, FAICD Independent Non-Executive Director Appointed: 17 July 2015	Julie has more than 25 years' experience in the minerals and petroleum industries in Australia including major Australian and US resources companies and as Chief Executive Officer of WestSide Corporation, an ASX listed, Queensland-based coal seam gas company. Julie has technical, operations and strategy expertise and has held senior and executive positions in coal mining, mining services and coal seam gas after commencing her career in coal and mineral processing research. Julie is currently the Chairman of the Board of the Queensland Electricity Transmission Corporation Limited, Powerlink Queensland, and has previously held non-executive director positions on the Boards of Gloucester Coal Limited, Forge Group Limited, CRC Mining, Queensland Resources Council and Australian Coal Research.
Rick Gazzard BE (Mining) Honours Independent Non-Executive Director Appointed: 3 May 2012 Resigned: 16 July 2015	Rick is a mining engineer with more than 30 years' experience in the coal mining industry and a further 10 years' experience in the iron ore, base metals and gold mining industries. He holds certificates of competency as a mine manager for both the coal and metalliferous mining industries. Rick has previously held senior management positions as President of BHP Queensland Coal and as General Manager of Camberwell Coal Pty Ltd and prior to those appointments had more than 10 years' experience as a mine manager/operations manager/chief mining engineer with CSR Limited and BHP. He is a former non-executive director of ASX Listed Carabella Resources, Eastern Corporation and Aston Resources Limited.
Philip Christensen BComm, LLB Independent Non-Executive Director Appointed: 3 May 2012 Resigned: 14 July 2014	Philip has extensive experience in the mining and energy sector. Philip had 30 years' experience with leading law firm Herbert Smith Freehills, where his clients included Australian and international coal mining companies. Philip was admitted to the Freehills partnership in 1988 and worked in the Jakarta, Singapore, Sydney and Brisbane offices. Philip was an executive director of the Tinkler Group from 2010 to 2012. Philip was a non-executive director of Aston Resources Limited from the time of the IPO until the merger with Whitehaven. After the Merger, Philip continued as a non-executive director at Whitehaven Coal. He was also the Chair of the Health, Safety, Environment and Community Committee until his resignation. Philip resigned in July 2014 to take up a full time executive role with an international law firm.

2 (b) Senior Executives

Paul Flynn — Managing Director and Chief Executive Officer

Refer to details set out in section 2(a) Directors on page 3.

2 DIRECTORS AND EXECUTIVES (CONT.)

2 (b) Senior Executives (cont.)

Timothy Burt — General Counsel & Company Secretary

B.Ec, LLB (Hons) LLM

Timothy joined Whitehaven as General Counsel and Company Secretary in July 2009. He has 19 years' ASX Listed company legal, secretarial and governance experience across a range of industries. Prior to joining Whitehaven, Timothy held senior roles at ASX listed companies Boral Limited, UGL Limited and Australian National Industries Limited. He holds a Master of Laws from the University of Sydney.

Kevin Ball — Chief Financial Officer

BComm, CA

Appointed as Chief Financial Officer of Whitehaven Coal in December 2013, Kevin has over 25 years' experience working in the mineral and energy industry across coal, oil and gas and in complex consulting practices.

Kevin is a Chartered Accountant having spent 11 years with Ernst & Young predominantly in the natural resources group and has a graduate Diploma in Geoscience (Mineral Economics) from Macquarie University.

Brian Cole — Executive General Manager - Project Delivery

BE (Civil-H1), M Eng Science, MBA, Fellow IE Aust, C P Eng., M AIMM

Brian has more than 35 years of experience in heavy engineering projects and operations at an executive level in the energy related sector and has been focused on the Maules Creek project and other brownfields capital projects within the Whitehaven portfolio.

Most recently Brian managed the construction of the three stages of the third coal terminal in Newcastle for NCIG with a combined capital cost circa $2.8 billion.

Jamie Frankcombe — Executive General Manager - Operations

BE (Mining), MBA (Technology)

Jamie was appointed Executive General Manager - Operations in February 2013.

Jamie was previously Director Operations at Fortescue Metals Group Ltd. Prior to that he has had extensive senior experience in coal mine operations and development including as the Chief Operating Officer of PT Adaro Indonesia, Executive General Manager - Americas for Xstrata Coal and General Manager Operations for Xstrata Coal's Hunter Valley open cut operations.

Jamie holds a Bachelor of Engineering (Mining) from Wollongong University and a Master of Business Administration (Technology) from APESMA Deakin University. Additionally he holds First Class Certificate of Competency qualifications for both the NSW and Queensland coal industry.

Scott Knights — Executive General Manager - Marketing

BEcons (Hons)

Scott was appointed Executive General Manager – Marketing in August 2014. Prior to joining Whitehaven he was Vice President Sales, Marketing and Logistics for Peabody Energy Australia. Scott has over 23 years of experience in a wide range of commercial roles including marketing, sales, logistics, management and business strategy in the commodities sector, working for Peabody Energy, Rio Tinto, PwC and Renison Goldfields Consolidated.

2 DIRECTORS AND EXECUTIVES (CONT.)

2 (c) Directors' interests

The relevant interest of each director in the shares and options issued by the Company, as notified by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	**Options over ordinary shares**	
Mark Vaile	2,567,767	189,000	Granted on 1 May 2012
John Conde	378,605	-	
Paul Flynn	265,792	-	
Tony Haggarty	20,060,787	-	
Christine McLoughlin	55,000	-	
Ray Zage	-	-	
Julie Beeby	-	-	

2 (d) Directors' meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Directors' Meetings		Audit & Risk Management Committee Meetings		Remuneration Committee Meetings		Health, Safety, Environment & Community Committee Meetings		Governance & Nominations Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Mark Vaile	14	14	6	6	5	5	-	-	2	2
John Conde	14	14	6	6	5	5	-	-	2	2
Paul Flynn	14	14	-	-	-	-	-	-	-	-
Rick Gazzard	14	14	6	6	-	-	4	4	-	-
Tony Haggarty	14	11	-	-	-	-	4	4	-	-
Christine McLoughlin	14	14	-	-	5	5	4	4	2	2
Ray Zage	14	14	-	-	-	-	-	-	-	-

A – Number of meetings held during the time the Director held office during the year

B – Number of meetings attended

3 OTHER

3 (a) Dividends

Paid during the year

During the year the Company did not pay any dividends.

Declared after end of year

Directors have resolved not to declare a dividend in respect of the 2015 financial year.

3 (b) Share options

Shares issued on exercise of options

During the reporting period no options have been exercised.

Unissued shares under options

At the date of this report there were 16,872,910 unissued ordinary shares of the Company under options (16,872,910 at the reporting date). Refer to note 32 of the financial statements for further details of the options outstanding.

3 (c) Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify, to the fullest extent permitted by law, all current and former directors of the Company against liabilities that may arise from their position as directors of the Company and its controlled entities. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts. Such insurance contracts insure persons who are or have been directors or officers of the Company or its controlled entities against certain liabilities (subject to certain exclusions).

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

3 (d) Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

3 (e) Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 and dated 10 July 1998 and, in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

4 OPERATING AND FINANCIAL REVIEW

FINANCIAL HEADLINES

- Operating EBITDA before significant items increased by 44% to $130.3m
- Operating cash flows increased by 97% to $213.4m
- Net debt of $935.8m at 30 June 2015
- Conservatively geared at 25% at 30 June 2015
- Statutory loss after tax increased by 792% to $342.7m. The statutory loss after tax was due predominantly to three non-cash significant items:
    - An impairment charge taken on early stage exploration assets. The impairment charge reflects the recently changed coal market environment and prospects for early stage exploration assets, particularly assets that are higher in ash and lower in energy and that would have been targeted towards customers based in China
    - An impairment charge taken upon de-recognition of MRRT related deferred tax and goodwill balances as a result of the enactment of legislation repealing the MRRT (as disclosed in the half year financial statements)
    - The write-off of deferred initial establishment costs in relation to the Group's previous financial facility which was replaced by a new facility in March 2015 (as disclosed in the March Quarterly Production Report)

The following table summarises the key reconciling items between the Group's operating EBITDA before significant items and its statutory loss.

Whitehaven Coal Limited – Consolidated	FY2015 $ million	FY2014 $ million
Revenue	763.3	755.4
Net loss before significant items	**(10.7)**	**(28.4)**
Significant items after tax (refer to note 7)	(332.0)	(10.0)
Net loss for the period	(342.7)	(38.4)
Operating EBITDA before significant items	**130.3**	**90.4**
Significant items before tax and financing (refer to note 7)	(447.3)	(14.3)
Net interest expense (refer to note 12)	(67.8)	(52.8)
Depreciation and amortisation	(97.6)	(79.5)
Loss on investments and asset disposals	(0.9)	(0.1)
Loss before tax	(483.3)	(56.3)

4 OPERATING AND FINANCIAL REVIEW (CONT'D)

FINANCIAL HEADLINES (CONT'D)

The 30 June 2015 statutory result includes the impact of the following significant items (refer to note 7):

- A $355.0m impairment charge in relation to early stage exploration assets
- De-recognition of MRRT related deferred tax liability ($25.8m) and MRRT goodwill ($90.7m) balances as a result of the enactment of legislation repealing the MRRT, resulting in a net profit or loss charge of $64.9m
- The write-off of $23.1m of deferred up-front costs in relation to the retired debt facility
- Redundancy costs following restructure of the Gunnedah Coal Preparation and Handling Plant
- Provisions established in relation to amounts receivable

REVIEW OF FINANCIAL PERFORMANCE

Group EBITDA before significant items of $130.3m has increased by 44% compared to $90.4m in FY2014. The improved result was driven by the benefits of a substantial reduction in unit costs of production, increased production and sales volumes and by eliminating coal purchases, however these improvements were partially offset by a lower average selling price realised for coal sold.

The key factors that contributed to the improved EBITDA result in the year include:

- A safer workplace
- A strong production result. FOB costs per saleable tonne of $61 in FY2015 have decreased by 12% from $69 reported in FY2014. The company's FOB cost per saleable tonne has declined for 2 ½ years in the period since the commencement of the first half of FY2013. These savings have contributed to the Group being able to defend and grow average EBITDA margins. The key drivers of the significant reduction in unit costs during the year include:
    - Productivity improvements - the underground operation at Narrabri and smaller open cut mines have contributed to improvements in output with similar or less manning:
        - Narrabri saleable coal production (equity) of 5.0Mt was 1.3Mt or 37% above production in FY2014. Production during FY2015 exceeded nameplate capacity and reflects the operational and technical improvements of the last two financial years. The increase in production, when combined with tight cost control, has led to a reduction in unit costs in FY2015
        - Production in FY2015 from smaller open cuts was slightly below FY2014, however overall unit costs decreased largely as a result of improved productivity and a focus on containing costs
    - Procurement related savings included a range of initiatives - the benefit of a full year from renegotiated explosives, rail and road haulage contracts, and from renegotiated contracts for the supply of goods and services
    - In addition, ARTC completed its Gunnedah Basin track upgrade from 25 tonne axle loads to 30 tonne axle loads in January 2015. The upgrade allows larger 8,000 tonne capacity trains to operate from all Whitehaven load points on the system
    - Port costs have also been reducing, but the Hunter Valley flood event in April led to delays at the port of Newcastle and as a consequence demurrage costs have increased this year
    - Flat administration costs – production has grown by 33% in FY2015 yet administration costs have grown by only 0.5%

4 OPERATING AND FINANCIAL REVIEW (CONT'D)

REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

- The fall in world crude oil prices in FY2015 has contributed to decreased unit costs of coal production. That fall has similarly affected all coal producers and caused a decrease in the input costs of coal production which has contributed to the falls in the US$ prices for coal that all seaborne coal producers have experienced in CY2015
- Despite a 9% increase in FY2015 sales of coal to 9.5mt from 8.7mt (includes 0.5mt of purchased coal), gross revenues only increased by $7.9m (1%) to $763.3m in FY2015 from $755.4m in FY2014. The 9% increased sales volume was largely offset by a 7% decrease in A$ average realised selling prices.

  A$ prices fell to A$80 per tonne in FY2015 from A$86 per tonne in FY2014. Average US$ denominated coal prices fell 16% while the A$:US$ exchange rate improved by 8%.

  The mix of sales between thermal (82% of volume) and metallurgical coal products (18%) in the year ended 30 June 2015 is consistent with the previous financial year and so did not contribute to the fall in average selling prices that was experienced
- All coal sold in FY2015 was supplied from Whitehaven mines whereas in the prior financial year 0.5Mt of sales were met using purchased coal.

  The Group's ability to meet sales commitments exclusively with coal produced from Group owned mines reflects the benefit of the expanded portfolio of mines. As production from Maules Creek Open Cut is ramped up in 2016 and beyond, this benefit will further improve. Maules Creek product is a high quality coal that is attractive to our customers in Japan, Korea, Taiwan and India. Its presence in the Group's portfolio will provide greater access to these premium markets

The results of operations from Maules Creek have been treated as pre-commercial during the year ended 30 June 2015. This means that the surplus of revenues received from the sale of coal over the costs of producing the coal have not been reflected in the Statement of Comprehensive Income of the Group during the year, instead that net margin has been offset against the costs of constructing the mine as reported in the Statement of Financial Position.

Maules Creek commenced commercial operations on 1 July 2015. The financial performance of the mine will be reflected in the Group's Statement of Comprehensive Income for the financial year ending 30 June 2016.

4 OPERATING AND FINANCIAL REVIEW (CONT'D)

CASH FLOWS & CAPITAL MANAGEMENT

	FY2015	FY2014
Cash flows		
Operating cash flows ($ million)	**213.4**	108.6
Investing cash flows ($ million)	**(436.4)**	(319.9)
Senior facility drawings ($million)	**275.0**	180.0
Capital management & balance sheet	**30 June 2015**	**30 June 2014**
Cash on hand ($ million)	**102.4**	103.2
Undrawn syndicated facility ($ million)	**300.0**	375.0
Interest bearing liabilities ($ million)	**1,038.2**	788.4
Net debt ($ million)	**935.8**	685.2
Net assets ($ million)	**2,865.0**	3,206.5
Gearing ratio [1]	**24.6%**	17.6%

[1]Net Debt/(Net Debt plus Equity)

CASH FLOW COMMENTARY

Operating cash flows

Operating cash flows of $213.4m have increased by 97% from the prior year. The improvement reflects the following factors:

- Increased EBITDA before significant items of $39.9m to $130.3m in FY2015 from $90.4m in FY2014, for the reasons set out elsewhere in this report
- The refund of income taxes of $42m following the favourable resolution of a claim for accelerated deductions at Maules Creek. Operating cash flows in the prior year benefitted from a $25m refund in relation to a similar deduction in respect of Narrabri
- A decrease in working capital in FY2015 (excluding working capital at Maules Creek which is treated as pre-commercial and impacts investing cash flows)

Investing cash flows

Investing cash outflows of $436.4m in the year ended 30 June 2015 reflect an increase of $116.5m compared to FY2014. The following factors have affected investing cash outflows:

- Maules Creek construction expenditures including capex working capital impacts
- Narrabri development expenditures for both mains and gate roads
- Narrabri longwall second shearer and BSL deposit payments
- Upgrades to rail loops at Werris Creek and Gunnedah to accommodate 30 tonne axle loads ("TAL")
- Remaining capital spend across the group was tightly controlled and related to sustaining capital required at each of the mines
- Exploration expenditures were lower in FY2015 than in FY2014

Almost 50% of investing cash flows were funded by cash generated by operations.

4 OPERATING AND FINANCIAL REVIEW (CONT'D)

CASH FLOW COMMENTARY (CONT'D)

Financing cash flows

Drawings in FY2015 of $275m from the senior debt facility were used to:

- meet investing cash flows
- fund repayments in relation to asset leasing facilities
- fund initial establishment costs of the new Senior Secured Bank Facility

CAPITAL MANAGEMENT AND BALANCE SHEET COMMENTARY

Cash on hand at 30 June 2015 of $102.4m is consistent with the cash balance at 30 June 2014.

The Group established a new A$1.4 billion Senior Secured Bank Facility in March 2015 provided by a syndicate of Australian and international banks. The new facility is comprised of $1.2 billion drawable and a $ 0.2 billion guarantee facility. The new facility's A$1.2 billion drawable line of credit is for general corporate purposes and has a maturity of July 2019.

The new facility is $0.2 billion larger, and has more favourable terms, than the facility that it replaced. In particular, the margin and initial establishment fees have been reduced substantially from the previous facility - reflecting the credit transformation of the company.

Net Debt at 30 June 2015 was $935.8m, an increase of $250.6m from 30 June 2014. The increase has primarily been used to fund the Group's share of Maules Creek development expenditure, repayments made of the Group's asset leasing facilities and to meet establishment costs associated with the new debt facility.

While the gearing ratio remains low, the increase above FY2014 is largely represented by construction expenditures in relation to the Maules Creek mine. The gearing ratio has also been affected by the non-cash impairment charge in relation to exploration expenditures recorded in FY2015 and by impairment charges related to the repeal of the MRRT legislation.

Undrawn capacity of $300m remains at 30 June 2015.

4 OPERATING AND FINANCIAL REVIEW (CONT'D)REVIEW OF OPERATIONS - HIGHLIGHTS

CONSOLIDATED EQUITY PRODUCTION, SALES AND COAL STOCKS

Whitehaven Total (000t)	FY2015	FY2014	Movement
ROM Coal Production	12,205	9,177	33%
Saleable Coal Production	11,255	8,161	38%
Sales of Produced Coal	10,859	8,215	32%
Sales of Purchased Coal	-	511	-
Total Coal Sales	10,859	8,726	24%
Coal Stocks at Year End	2,035	1,275	60%

The data set out in the above table is presented on an equity basis and includes the Group's share of Maules Creek pre-commercial production, sales and coal stock tonnages.

Significant highlights for FY2015 include:

- A 35% improvement in the TRIFR to 9.2
- Record ROM and Saleable coal production for the year
- Narrabri has become one of the most productive longwall underground mines in Australia establishing several production records during the year
- First coal railed from Maules Creek three months ahead of the original schedule
- Pre-commercial ROM coal production from Maules Creek of 2.6Mt (managed) in FY2015
- Maules Creek capital expenditure initial savings declared for the project
- Construction at Maules Creek approaching completion with the mine declared commercial on 1 July 2015
- Sustainable cost reductions achieved at all operating mines through continuing operational improvements

REVIEW OF OPERATIONS - SAFETY

Providing a safe working environment for employees is critical at Whitehaven Coal and is key to the Group's improving financial performance. Whitehaven Coal provides training, equipment, resources and systems to create the safest possible work environment at each site. Building a culture of safety awareness is the foundation for continuous improvement to exceed targets and to exceed industry averages.

As part of the Company's Health and Safety Policy, Whitehaven Coal aims to:

- Achieve zero workplace injuries and illnesses
- Achieve zero plant and equipment damage
- Achieve zero environmental incidents

2015 PERFORMANCE

Whitehaven Coal achieved a significant safety milestone in FY2015 following the introduction of the seven "Safehaven Rules" in late FY2014:

- Achieved lowest Whitehaven Coal Group TRIFR of 9.2, 35% lower than the rate at the end of the previous year
- The TRIFR is significantly below the NSW average coal mining rate of 16.81

4 OPERATING AND FINANCIAL REVIEW (CONT'D)

MAULES CREEK PROJECT

Ownership: Whitehaven 75% and Operator; ICRA MC Pty Ltd (an entity associated with Itochu Corporation) 15%; J-Power Australia Pty Ltd 10%.

Pre-commercial production and sales for FY2015

Maules Creek 100% (000t)	FY2015	FY2014	Movement
ROM Coal Production	2,614	Construction	-
Saleable Coal Production	2,231	Construction	-
Sales of Produced Coal	1,769	Construction	-
Coal Stocks at Year End	779	Construction	-

Whitehaven's newest mine, Maules Creek, commenced railing coal in December 2014, less than a year after construction commenced. The mine, when operating at its annualised design capacity of 12mtpa saleable coal, in 2018, will double Whitehaven's coal production to over 23Mtpa making the company the largest independent coal producer in Australia.

Monthly production has gradually been increasing with the addition of management, mining equipment and employees. Mine production in the June half of FY2015 achieved an annualised rate of 6Mt. Mine production will increase in the December half of FY2016 when additional excavators and trucks are commissioned, and staff are recruited and trained. The additional mining equipment commenced arriving on site late in FY2015 and once commissioned will increase production to an annualised rate of about 8.5Mt early in the second half of FY2016.

Capital invested at the mine during the construction phase will be around $27 million less than the original estimate of $767 million. The savings were due to a combination of good construction contractor performance and the strong leadership of the Whitehaven project management team.

Last year, as part of the employee recruitment process at Maules Creek, Whitehaven adopted a policy to grow Aboriginal participation in the workforce. At 30 June 2015 there were 30 employees at Maules Creek identifying as Aboriginal. This represents 15% of the Maules Creek workforce and it exceeds the initial target that was set last year of 10% of employees within five years.

Demand for Maules Creek thermal coal has been strong. Production for the first year is completely sold out. Feedback from customers has been positive with the delivered coal either meeting or exceeding their expectations. Production of metallurgical coal products will commence in the first half of FY2016 with trial cargoes to several steelmakers. Interest from Japan is high following a marketing campaign by the Group's marketing team.

4 OPERATING AND FINANCIAL REVIEW (CONT'D)

NARRABRI

Ownership: Whitehaven 70% and Operator; J-Power 7.5%; EDF Trading 7.5%; Upper Horn Investments Limited 7.5%; Daewoo International Corporation and Korea Resources Corporation 7.5%.

Narrabri Mine 100% (000t)	FY2015	FY2014	Movement
ROM Coal Production	7,703	5,659	36%
Saleable Coal Production	7,193	5,249	37%
Sales of Produced Coal	7,071	5,145	37%
Coal Stocks at Year End	1,038	556	87%

Narrabri had a very strong production year. Narrabri set new mine production and roadway development records of 7.7Mt ROM coal and 19,800 metres respectively. Production in FY2015 was almost 30% above the design capacity of 6Mtpa.

A number of factors combined to deliver this strong production performance including a motivated and productive workforce, and software upgrades to the longwall which have increased longwall automation and reduced down time. As a direct consequence of the higher production levels, production costs have fallen with Narrabri confirming its place as Whitehaven's lowest cost mine.

One longwall move was completed during the first half of the year when mining in the third panel (LW03) was completed. Mining recommenced in LW04 on schedule in late November 2014 after the six week changeout was completed. Because of the record production rates in FY2015 it is anticipated that two full longwall changeouts will be necessary in FY2016. Consequently, production in FY2016 is forecast to be lower than for FY2015.

Narrabri has further production growth potential. A decision to widen the longwall face to 400 metres, from the current 300 metres, will be taken during the September quarter 2015. This low risk option will increase production and reduce operating costs at the mine.

OPEN CUT MINES (EXCLUDING MAULES CREEK)

Ownership: Werris Creek Whitehaven 100%; Rocglen Whitehaven 100%; Tarrawonga Whitehaven 70% and operator and Idemitsu 30%

Open Cuts 100% (000t)	FY2015	FY2014	Movement
ROM Coal Production	5,498	5,874	(6%)
Saleable Coal Production	5,095	5,060	1%
Sales of Produced Coal	5,147	5,206	(1%)
Coal Stocks at Year End	824	982	(16%)

Saleable coal production of 5.1Mt from the three smaller open cut mines met expectations for the year. The focus at each of the mines during the year was on cost reduction to ensure that each mine contributed positive cash flow to Whitehaven. New rosters, full year procurement benefits and operating initiatives were introduced during the year. The open cuts have been able to maintain saleable coal production levels following the changes. The changes at both Werris Creek and the Gunnedah CHPP, regrettably, led to some redundancies at each operation.

It is expected that production levels from these open cut mines can be maintained at current levels for the next three years before Reserves at Rocglen are exhausted in FY2019.

4 OPERATING AND FINANCIAL REVIEW (CONT'D)

DEVELOPMENT PROJECTS

VICKERY

Ownership: Whitehaven 100%

Vickery is a high quality metallurgical and thermal coal project with products that are expected to be highly sought after by customers in premium markets. While Whitehaven has not yet commenced the process to form a joint venture at Vickery, the interest level displayed by strategic investors is high.

Vickery has the potential to become Whitehaven's third major mine in the Gunnedah Basin when it is developed. Timing of the development has not been determined but it is likely to occur following the full ramp up of Maules Creek to its 13Mtpa ROM capacity.

The Vickery open cut project was approved by the New South Wales Department of Planning and Infrastructure on September 19, 2014. The approval is for an open cut project to produce 4.5Mtpa ROM coal, with the coal to be transported along an approved haulage route to the Gunnedah CHPP.

Since 2012, when Whitehaven lodged the application for the 4.5Mtpa project with the NSW Government, the Company has increased the total Resources and Reserves in the Vickery project area. These larger Reserves are capable of supporting a higher annual production rate while maintaining a mine life longer than 20 years. Project economics improve significantly in the higher production case.

Whitehaven has begun the process of compiling the necessary work and documentation needed to apply to increase the approval rate from 4.5Mtpa to 8Mtpa. When the process has advanced sufficiently Whitehaven will look to form a joint venture with potential strategic investors who are prepared to sign off-take contracts for the products. Up to 30% of the project would be sold to the incoming party or parties. The funds raised from the sale would be used to fund Whitehaven's share of the project development costs.

EXPLORATION PROJECTS

Whitehaven has several exploration and potential development projects in Queensland and New South Wales. These are early stage exploration projects. A decision was taken to record an impairment charge for these early stage projects in FY2015 because of the change in timeframe for their likely development, due to changes in market prospects for certain coal types.

In the current market environment the Company is focused on maintaining the tenements in good standing but is limiting its spending on those projects.

INFRASTRUCTURE

Rail Track

Whitehaven contracts below rail capacity with the Australian Rail Track Corporation (ARTC). Whitehaven has contracted rail capacity that supports both current production volumes and immediate future growth in production.

ARTC is responsible for supplying track capacity to meet the track requirements of its customers. The ARTC provides its customers with clear upgrade paths. One of the key projects that the ARTC has undertaken over the last few years and one that was completed in January 2015 was an upgrade of the Gunnedah Basin rail system to support moving to 30 tonne axle loads (from 25 TAL) on coal wagons. This upgrade allowed 8,000 tonne capacity trains to operate from all load points on the system in 2015.

4 OPERATING AND FINANCIAL REVIEW (CONT'D)

INFRASTRUCTURE (CONT'D)

Rail Haulage

Whitehaven has two rail haulage contracts, one with Pacific National and one with Aurizon. These contracts have a common expiry date in 2026. The Pacific National contract provides for the haulage of up to 11.5Mtpa and the Aurizon contract provides for up to 16Mtpa. The company is able to align planned increases in production with contract rail haulage capacity by giving notice to the rail providers of the need for additional capacity. The contract structure supports the planned increases in Whitehaven's managed production levels.

Port Capacity

The company holds contracts for sufficient capacity at the port of Newcastle – either at NCIG or at PWCS – to support planned shipments in CY2015 and CY2016, however by CY2017 Whitehaven will require additional port capacity for the Maules Creek mine as it ramps up toward its approved 12Mtpa saleable coal production level. Discussions are in place with a number of producers to secure this additional port capacity from existing infrastructure. Additional port capacity will also need to be contracted to support development of Vickery.

EVENTS SUBSEQUENT TO REPORTING DATE

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

OUTLOOK AND LIKELY DEVELOPMENTS

Whitehaven aims to become the premier independent coal company listed in Australia. This transformation commenced with the successful development of the Narrabri underground coal mine and has further advanced with the development of Maules Creek. The next major step toward achieving this goal will be when the Maules Creek mine achieves its design capacity of 13Mtpa ROM coal in FY2018. Significant progress was made during 2015 when the mine was declared commercial on 1 July 2015.

In FY2015 Whitehaven's Narrabri mine produced a record 7.7Mt of ROM Coal to become one of the most productive and lowest cost underground mines in Australia. Production from the mine in FY2016 will be lower than in FY2015 as two longwall changeouts will occur during the financial year. Maules Creek will continue to ramp up production and is expected to produce about 7.3Mt of ROM coal. The other open cut mines will produce a similar amount of coal in FY2016 as in FY2015 taking total production from all the mines to about 19.4Mt ROM coal.

Management remains focused on improving productivity and delivering further cost reductions across the operations. Additional production growth, underlying cost reductions and improvements in productivity have successfully positioned Whitehaven in the lowest cost quartile of the current coal industry cost curve. Further work will continue in these areas in an effort to cement the past three years' achievements in cost reductions.

In the higher quality segment of the seaborne thermal coal market where Whitehaven sells much of its coal, product availability is restricted which is providing price support. Continued demand growth in the premium seaborne thermal coal markets is likely to continue to support current pricing and lead to price increases once the market has progressed through the current rebalancing phase.

Although Whitehaven is not selling to China, Chinese imports of both metallurgical and thermal seaborne coal during the first half of calendar year 2015 have declined significantly following the introduction of new import policies.

4 OPERATING AND FINANCIAL REVIEW (CONT'D)

OUTLOOK AND LIKELY DEVELOPMENTS (CONT'D)

The lower demand from the seaborne market has generally caused coal prices to fall. In response, producers have cut metallurgical coal production and redirected their coal into other end markets, however, increases in metallurgical coal production from Queensland's Bowen Basin producers has largely left the seaborne metallurgical coal market oversupplied. These factors have caused prices for metallurgical coal to fall. Further production cuts are required to rebalance the market.

Several Australian and Indonesian thermal producers have announced production cuts in response to lower Chinese demand and softer prices for high ash coal. These cuts are expected to reduce the oversupply particularly in the lower quality segment of the thermal coal market.

RISKS RELATING TO WHITEHAVEN'S FUTURE PROSPECTS

Whitehaven operates in the coal sector. There are many factors, both specific to Whitehaven and to the coal industry in general, which may, either individually or in combination, affect the future operating and financial performance of the Group, its prospects and/or the value of Whitehaven shares. Many of the circumstances giving rise to these risks are beyond the control of the Whitehaven Directors and its management. The major risks believed to be associated with investment in Whitehaven are as follows:

MARKET RISKS

The Company's future financial performance will be impacted by future coal prices and foreign exchange rates.

The factors which affect coal prices and demand include the outcome of future sales contract negotiations, general economic activity, industrial production levels, changes in foreign exchange rates, changes in energy demand and demand for steel, changes in the supply of seaborne coal, changes in international freight rates or other transportation infrastructure and costs, the cost of other commodities and substitutes for coal, market changes in coal quality requirements and government regulation which restricts the use of coal, imposes taxation on the resources industry or otherwise affects the likely volume of sales or pricing of coal.

Sales made under export contracts are denominated in US dollars. The Company uses forward exchange contracts (FECs) to hedge some of its currency risk in line with its hedging policy.

OPERATING RISKS

The Company's coal mining operations are subject to operating risks that could result in decreased coal production which could reduce its revenues. Operational difficulties may impact the amount of coal produced at its coal mines, delay coal deliveries or increase the cost of mining for varying lengths of time. Such difficulties include (but are not limited to) weather (including flooding) and natural disasters, unexpected maintenance or technical problems, failure of key equipment, depletion of the Company's Reserves, increased or unexpected reclamation costs and interruptions due to transportation delays.

GEOLOGY RISKS

Resource and Reserve estimates are stated to the JORC Code and are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates, including that coal mined may be of a different quality, tonnage or strip ratio from those in the estimates.

DEVELOPMENT RISKS

There is a risk that circumstances (including unforeseen circumstances) may cause delays to project development, exploration milestones or other operating factors, resulting in the receipt of revenue at a date later than expected. Additionally, the construction of new projects/expansion by the Company may exceed the currently envisaged timeframe or cost for a variety of reasons outside of the control of the Company.

5 AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

5 (a) Auditor's independence declaration

In accordance with section 324DAA Corporations Act 2001 and the recommendation of the Audit & Risk Management Committee, the auditor's rotation period as auditor was extended for 2 years to 30 June 2015, subject to an annual performance assessment by the Chair of the Audit & Risk Management Committee.

The board is satisfied that the extension has maintained the quality of the audit and did not give rise to any conflicts of interest for the reasons set out below:

1. A new engagement quality review partner was appointed for the 2014 year end
2. Extending the time period of the Lead Partner allowed the preservation of knowledge on the engagement given the changes in operations and the Board and Audit & Risk Management Committee composition
3. The existing independence and service metrics in place are sufficient to ensure that auditor independence would not be diminished by such an extension

The 2 year extension to the auditor's rotation period has now expired and therefore there will be a new Lead Partner for the financial year ending 30 June 2016.

The auditor's independence declaration forms part of the Directors' report for financial year ended 30 June 2015. It is set out on page 46.

5 (b) Non-audit services

During the year Ernst & Young, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, Ernst & Young, and their related practices for non-audit services provided during the year are set out below.

In AUD	**Consolidated 2015 $**	**Consolidated 2014 $**
Non-audit services		
Ernst & Young		
Taxation services	126,962	-
Other non-audit services	65,000	149,253
Review of National Greenhouse Energy Reporting Act requirements	64,849	31,389
Assurance services for refinancing	299,134	-
Other assurance services	-	13,300
	555,945	193,942

6 REMUNERATION REPORT (AUDITED)

6.1 Overview

The Board is committed to applying a fair and responsible executive remuneration framework. The Board believes that the current framework continues to serve shareholders well and has made the decision to leave the framework unchanged in 2015.

Our Remuneration Report for the year ended 30 June 2015 (**FY2015**) is designed to explain to shareholders the remuneration arrangements that exist within our framework as we strive to achieve our goal of creating the premier independent listed coal producer in Australia.

The progress that has been achieved is demonstrated by a 44% increase in EBITDA before significant items ("EBITDA") in FY2015, but as referred to earlier in this report statutory results have been adversely impacted by several non-cash charges. Despite the impact of these charges on the statutory result, the Board believes that Whitehaven has made considerable progress towards achieving its goal in this last financial year.

Against a challenging environment of lower global coal prices and a high exchange rate, Whitehaven's safety, operational and cost performances have combined to counter the impact of the price environment to deliver increased year-on-year operating EBITDA margins and a 44% increase in EBITDA to $130.3m in FY2015 from $90.4m in FY2014.

Safety TRIFR of 9.2 improved by 35%	EBITDA of $130.3m improved by 44%
ROM Production of 15.8 Mt improved by 37%	Costs of Production $61/t improved 12%
Saleable Production of 14.6mt improved by 41%	Average Selling Price of $80/t decreased 7%
Coal Sales of 14.0mt improved by 29%	Net Loss* of $10.7m improved by 62%

* *before Significant Items*

There were many highlights in FY2015. Of particular note were:

- sustained improvement in the safety result across Whitehaven
- at Maules Creek - construction progress was accelerated, first coal was railed ahead of schedule, production was ramped up to 6 million tonnes annualised run rate and savings in project construction costs were delivered
- at Narrabri annual ROM production, saleable coal production and sales tonnage records were set together with lower per tonne production costs
- smaller operations at Tarrawonga, Rocglen and Werris Creek met their production targets and delivered lower costs of production
- the Vickery project received government approval
- operating costs were lowered across Whitehaven's coal supply chain.

As a consequence of the Group's operating outcomes, the refinancing of the upsized secured senior debt facility was supported by major Australian and International banks on terms that reflected the Group's improved credit position.

6 Remuneration report (cont'd)

6.1 Overview (cont'd)

Managing Director, Paul Flynn, is supported by a strong executive leadership group. The Board believes that the Company is well positioned to continue to improve its performance and deliver value for shareholders with an experienced, balanced and capable leadership team and a sound funding platform.

Our fixed remuneration and our total target remuneration for executive KMP will typically be positioned around the 50^{th} to 75^{th} percentile of the relevant market skill. Our objective for this positioning is to meet the market so that we attract and retain executive KMP while still ensuring restraint in respect of executive remuneration.

The Remuneration Committee remains committed to ensuring that the Company's remuneration framework operates effectively to appropriately incentivise and reward senior executives to execute our strategy while being aligned with shareholder interests. With respect to the Long Term Incentive (LTI) component of remuneration, in 2014 the Board introduced a second performance hurdle to apply to the LTI – a costs hurdle. This was done after consultation with stakeholders who were supportive of a second performance hurdle being adopted. The two hurdles against which the FY2015 grant will be tested are as follows:

1. 60% of the grant is subject to Relative Total Shareholder Return performance (TSR). The TSR performance rights are split equally into two tranches; the first tranche has a 3 year performance period, ending 30 June 2017 and the second tranche has a 4 year performance period, ending 30 June 2018
2. 40% of the grant is subject to a cost target for the year ended 30 June 2017 that, if achieved, is expected to position Whitehaven in the lowest cost quartile of the current coal industry cost curve

Given the poor shareholder returns experienced in the coal sector in FY2015, the Board has decided again not to increase fees for Non-Executive Directors for the coming year. Changes in total fixed remuneration (TFR) for executive KMP will be capped at 2% with two exceptions – the Chief Financial Officer and the Executive General Manager Marketing. To ensure that our Managing Director and our COO are rewarded in line with market conditions and that elements of their 'at risk' reward continue to be aligned with shareholders, their respective LTI's will be increased to 100% and 90% (from 80%) of total fixed remuneration.

The Company will be seeking approval from shareholders at the Annual General Meeting for the grant of performance rights under the long term incentive plan to the Managing Director. Full details of this grant (including the applicable performance hurdles and vesting schedule) will be set out in the Notice of Meeting.

6.2 Realised remuneration

Details of the remuneration of KMP prepared in accordance with statutory obligations and accounting standards are contained in section 6.8 of this Remuneration Report.

The table below is designed to give shareholders a better understanding of the remuneration executive KMP actually received in FY2015 (including both cash STI and deferred STI, even though these amounts will be delivered after the end of FY2015).The amounts disclosed in the table, while not in accordance with accounting standards, are considered more helpful for shareholders to demonstrate the linkage between Company performance and remuneration outcomes for executives for FY2015.

6 Remuneration report (cont'd)

6.2 Realised remuneration (cont'd)

Name	Fixed[1]	STI[2]	LTI[3]	Cessation[4]	Other[5]	Total	Contingent STI[6]
Paul Flynn	1,300,000	836,875	N/A	-	11,530	2,148,405	89,375
Kevin Ball	500,000	325,000	N/A	-	-	825,000	37,500
Timothy Burt	499,697	325,000	N/A	-	11,530	836,227	37,500
Brian Cole	650,100	422,500	N/A	-	18,193	1,090,793	48,750
Jamie Frankcombe	875,000	590,625	N/A	-	11,530	1,477,155	43,750
Scott Knights*	393,552	244,264	N/A	-	-	637,816	29,312

[1] Fixed remuneration comprises base salary and superannuation.

[2] STI represents the total amount of the STI that each executive is able to earn based on FY2015 performance even though 30% of this amount has been deferred into equity instruments in the form of rights to receive shares in the Company, where future receipt of shares is subject to meeting a number of service based conditions and, in some instances, performance based conditions. Refer to section 6.5.3 for further details.

[3] No LTI was available for vesting during FY2015. See section 6.5.5 for details of LTI.

[4] There were no cessation payments during FY2015.

[5] Other includes parking, motor vehicle benefits and other similar items.

[6] Contingent STI refers to STI amounts for above Target EBITDA performance and above Target Maules Creek performance that are the subject of further performance requirements refer Section 6.5.3 for further details.

* Commenced role as Executive General Manager Marketing on 18 August 2014.

6 Remuneration report (cont'd)

6.3 Key management personnel for FY2015

This Report details the remuneration during FY2015 of the key management personnel (KMP) of the Company, who are listed in the table below. For the remainder of this Remuneration Report, the KMP are referred to as either executive KMP or Non-executive Directors.

Name	Title (at year end)	Changes during FY2015
Executive KMP		
Paul Flynn	Managing Director and Chief Executive Officer	
Kevin Ball	Chief Financial Officer	
Timothy Burt	General Counsel and Company Secretary	
Brian Cole	Executive General Manager - Project Delivery	
Jamie Frankcombe	Executive General Manager - Operations	
Scott Knights	Executive General Manager – Marketing	Commenced 18 August 2014
The Hon. Mark Vaile	Chairman and Independent Non-executive Director Chair of Governance & Nomination Committee	
John Conde	Deputy Chairman and Independent Non-executive Director Chair of Audit & Risk Management Committee	
Rick Gazzard	Independent Non-executive Director	
Tony Haggarty	Non-executive Director Chair of Health, Safety, Environment & Community Committee	
Christine McLoughlin	Independent Non-executive Director Chair of Remuneration Committee	
Ray Zage	Non-executive Director	
Philip Christensen	Independent Non-executive Director	Resigned 14 July 2014

* Mr Rick Gazzard retired as a Non-executive Director effective 16 July 2015

** Dr Julie Beeby was appointed as a Non-executive Director effective 17 July 2015

6 Remuneration report (cont'd)

6.4 Remuneration governance

This section describes the role of the Board, Remuneration Committee and external advisers when making remuneration decisions, and sets out an overview of the principles and policies that underpin the Company's remuneration framework.

6.4.1 Role of the Board and Remuneration Committee

The Board is responsible for ensuring that the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders. Consistent with this responsibility, the Board has established a Remuneration Committee, whose role is to:

- review and approve the remuneration of the senior executives;
- review and approve the remuneration policies and practices for the Group generally, including incentive plans and other benefits; and
- review and make recommendations to the Board regarding the remuneration of Non-executive Directors.

The Remuneration Committee comprises three independent non-executive directors: Christine McLoughlin (Committee Chair), John Conde, and Mark Vaile. The Remuneration Committee has a formal charter, which sets out its roles and responsibilities, composition structure and membership requirements. A copy of this charter can be viewed on Whitehaven's website.

Further information regarding the Remuneration Committee's role, responsibilities and membership will be set out in the Company's Corporate Governance Statement.

6.4.2 Use of external advisors

From time to time, the Remuneration Committee seeks and considers advice from external advisors who are engaged by and report directly to the Remuneration Committee. Such advice will typically cover Non-executive Director remuneration, executive KMP remuneration and advice in relation to equity plans.

The Corporations Act requires companies to disclose specific details regarding the use of remuneration consultants. The mandatory disclosure requirements only apply to those advisers that provide a 'remuneration recommendation' as defined in the Corporations Act. The Remuneration Committee has continued to engage the services of Egan Associates as the Company's remuneration adviser. In the current financial year the Committee did not receive any remuneration recommendations, though were provided with information on market trends to assist the Company in their annual review and continuing reward policy development.

6.4.3 Remuneration principles and framework

The Company's remuneration policies are based on the following core principles:

- to ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders and having regard to relevant Company policies;
- to attract and retain skilled executives;
- to structure short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
- to ensure any termination benefits are justified and appropriate.

These principles are reflected in the Company's remuneration framework, which comprises both fixed and 'at risk' remuneration components as indicated below. Details of each of these components and how they applied during FY2015 are described in section 6.5.

6 Remuneration report (cont'd)

6.4.3 Remuneration principles and framework (cont'd)

Total fixed remuneration (TFR)	Short term incentives (STI)	Long term incentives (LTI)
– reviewed annually – benchmarked against peer companies in the materials, industrial and energy sectors – influenced by individual performance	– determined based on a mix of financial and non-financial measures – for KMP, 37% of STI is deferred into equity instruments in the form of rights to receive shares in the Company subject to meeting service based vesting conditions and, in some instances, performance based vesting conditions (with vesting periods of either 12 or 24 months) – ability of the Remuneration Committee to reduce the number of deferred equity instruments that vest if subsequent events show such a reduction to be appropriate ('clawback') – for KMP, the STI opportunity is set at 50% of TFR for target performance and 75% of TFR for stretch performance	– provides the Remuneration Committee with the flexibility to determine the nature, terms and conditions of the grant each year – operates as an award of performance rights (i.e. a right to receive a share in the Company if specified performance hurdles are satisfied) – for KMP, the face value of the LTI opportunity is currently set at between 80% and 100% of TFR – contains two performance hurdles, one being a relative TSR and the second being a cost hurdle

6.4.4 Looking ahead

In line with Company policy and executives' service agreements, remuneration levels are reviewed annually based on market benchmarking and individual performance. The Remuneration Committee considered that the executive KMP performed strongly throughout the year, delivering key projects and initiatives that bring us closer towards achieving our goal of creating the premier independent listed coal producer in Australia. However consistent with industry wide wage and salary conditions, and in light of the performance of the Company's share price and the experience this year of many of our shareholders, the Board decided:

- not to increase Directors fees; and
- to limit increases in total fixed remuneration of executive KMP to 2% (reflecting the broader workforce) with two exceptions - an increase in the fixed remuneration of Mr Ball (Chief Financial Officer) based on market benchmarking, performance and on assuming responsibility for Human Resources and Mr Knights based on market benchmarking, performance and on assuming responsibilities for Logistics.

The KPI's adopted in our FY2016 STI program will continue to develop to match the needs of the business and to drive the creation of shareholder value. Our EBITDA KPI for FY2016 has been changed to Net Profit After Tax (excluding significant items) in anticipation of the Company returning to profitability. Other KPI's for safety, production and FOB unit costs will remain although target levels will be reviewed and hurdles will be increased.

To continue to ensure that our Managing Director and COO are rewarded in line with market conditions and that their reward is aligned with shareholders, their respective LTI's will be increased from 80% to 100% and 90% of total fixed remuneration.

6 Remuneration report (cont'd)

6.5 Detail of components of executive KMP remuneration

This section describes in greater detail the different components of executive KMP remuneration for FY2015.

6.5.1 Mix and timing of remuneration in FY2015

Executive remuneration is delivered as a mix of fixed and 'at risk' remuneration. At risk remuneration can be earned through both STI and LTI and is delivered to executive KMP over multiyear timeframes to create a layered retention effect and to encourage sustained performance.

The table below illustrates the remuneration mix for executive KMP for FY2015 (assuming target performance for at risk components).

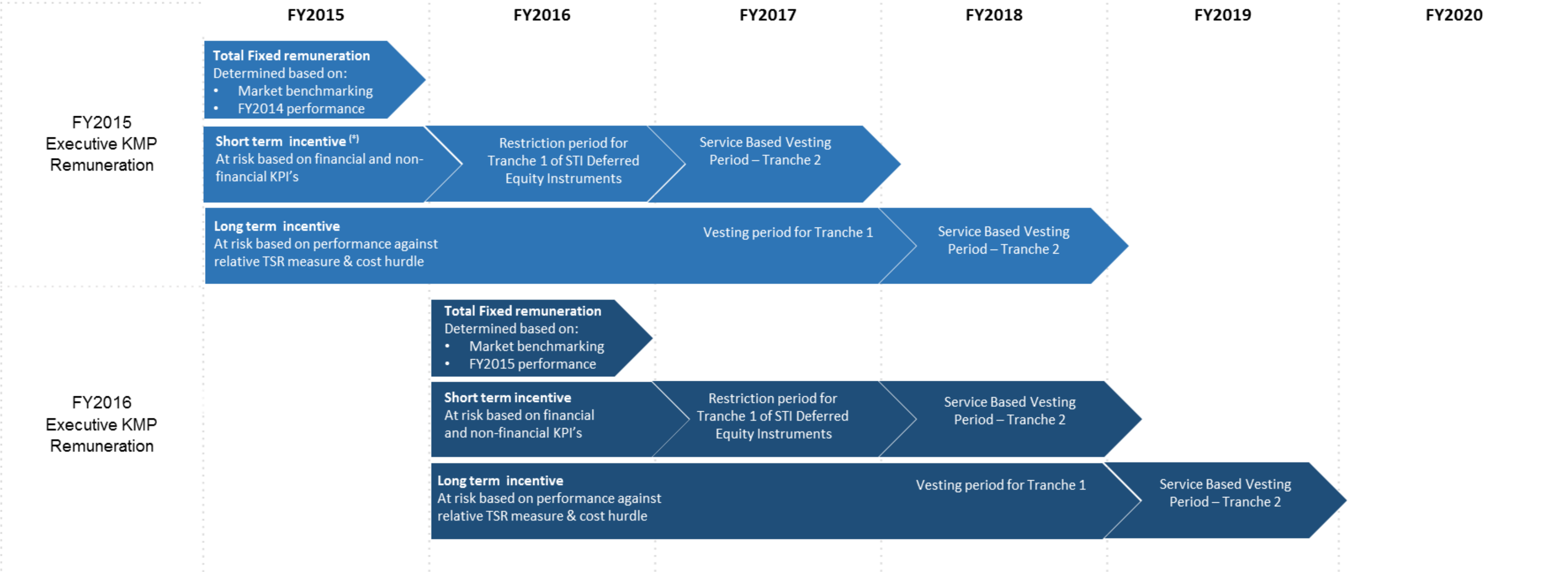
	Fixed	At risk	
	Total fixed remuneration	STI	LTI
Executive KMP	43%	22%	35%

6 Remuneration report (cont'd)

6.5 Detail of components of executive KMP remuneration (cont'd)

6.5.1 Mix and timing of remuneration in FY2015 (cont'd)

The diagram below shows timing for determining and delivering executive remuneration for FY2015 and FY2016:



(*) Short Term Incentive awards that are performance based (refer section 6.5.3) will be tested in the 24 months after the grant date. If performance targets are met in the second year the relevant award(s) will vest 24 months after the grant date. If performance targets are met in FY2016, half the award(s) will vest 12 months after the grant date. The other half will vest 24 months after the grant date.

6 Remuneration report (cont'd)

6.5 Detail of components of executive KMP remuneration (cont'd)

6.5.2 Fixed remuneration

Fixed remuneration received by executive KMP is subject to approval by the Remuneration Committee. Fixed remuneration is comprised of base salary and superannuation.

Both fixed remuneration and total target remuneration will typically be positioned between the 50th and 75th percentile of the relevant market skill. The objective of this positioning is to meet the market so as to attract and retain executive KMP in a sector where demand for skilled executives is high and the talent pool is relatively small, while still ensuring appropriate restraint in respect of executive remuneration. Actual market positioning for each individual may deviate from the positioning policy (above or below) due to considerations such as internal relativities, experience, tenure in role, individual performance and retention considerations.

6.5.3 Short term incentive for FY2015

The following table summarises the terms of the STI that applied during FY2015.

Who participated?	All executive KMP.
What was the performance period?	For all executive KMP the STI for FY2015 operated over a 12 month performance period from 1 July 2014 to 30 June 2015.
What was the target STI award?	Executive KMP's target STI was 50% of fixed remuneration over the 12 month performance period with up to 75% of fixed remuneration for stretch performance. The STI amount actually awarded for FY2015 is shown in section 6.5.4.

6 Remuneration report (cont'd)

6.5 Detail of components of executive KMP remuneration (cont'd)

6.5.3 Short term incentive for FY2015 (cont'd)

What were the performance conditions and how were they assessed?

The following KPI's were adopted as performance conditions and applied to the FY2015 STI:

- Safety (total recordable injury frequency rate (TRIFR))
- FOB cost per saleable tonne (equity basis)
- ROM production (managed basis)
- EBITDA (before significant items)
- Specific objectives in relation to Maules Creek
- Leadership and individual key performance indicators as agreed between the Managing Director and the Board which included refinance of the senior debt facility

At the beginning of FY2015, the Board set KPI's, the achievement of which was expected to be critical to the success of the Group at this time in the coal cycle. All KPI's were exceeded. The KPI's remain appropriate for the longer term interests of shareholders and the efforts and achievements of management during the year were exceptional in difficult circumstances. The Board designed these KPI's to ensure that the balance sheet of the Group was positioned to withstand the difficult circumstances that were anticipated.

The Group's statutory loss was due predominantly to three non-cash significant items - the impairment of exploration assets, the enactment of legislation to repeal the MRRT, and the successful refinance of the Group's debt facility. The Board was mindful that all KPI's had been met or exceeded, notwithstanding the statutory loss, and resolved that the STI awards should therefore be approved as assessed.

The Remuneration Committee and the Board assessed and approved the STI award paid to the Managing Director. The performance conditions for the senior executives were assessed by the Managing Director and approved by the Board.

The weightings of each performance condition were tailored to reflect the executive KMP's role. The weightings are set out in the following table

	Managing Director	CFO	Company Secretary / Group Counsel	EGM Projects	EGM Operations	EGM Marketing
Safety (TRIFR)	20%	20%	20%	20%	20%	20%
FOB cost per saleable tonne	15%	20%	15%	10%	20%	10%
ROM production	15%	10%	15%	10%	20%	10%
EBITDA	20%	20%	20%	10%	10%	30%
Maules Creek	15%	20%	20%	40%	20%	20%
Individual Leadership KPI's	15%	10%	10%	10%	10%	10%

Why were these performance conditions chosen?

These performance conditions were chosen as they were directly linked to the operational priorities of the Company.

6 Remuneration report (cont'd)

6.5 Detail of components of executive KMP remuneration (cont'd)

6.5.3 Short term incentive for FY2015 (cont'd)

What performance level was achieved?

A snapshot of the performance levels achieved for FY2015 is set out below *:

	YoY[1]	Actual	Target	Stretch	Outcome
Safety	35%	9.2	12.65	10.54	Exceeded Stretch
FOB cost per saleable tonne	12%	$61/t	$64/t	$62/t	Exceeded Stretch
ROM production	37%	15.8Mt	14.3Mt	14.8Mt	Exceeded Stretch
EBITDA	44%	$130m	$105m	$115m	Exceeded Stretch

[1]Year on year improvement

* Excludes Maules Creek and Individual Leadership KPI's.

Safety

The continued emphasis on a safe working environment has driven a significant and sustained 3 year reduction in the TRIFR from 34.61 in FY2012, 22.36 in FY2013, 14.06 in FY2014 to 9.2 in FY2015. Against tough market conditions the Whitehaven view that "tonnes cannot come at the expense of safety" has been embedded well in the Company. Our producing mines and our construction site at Maules Creek have performed very safely – our TRIFR of 9.2 is superior to the NSW coal industry average. The progress of the Company over the last three years to improve its safety processes and standards now positions the Company well above the average safety performance for the NSW coal industry.

FOB cost per saleable tonne

The concerted effort by management to lower operating costs continues. We have several mines that are in or are approaching the lowest cost quartile of the current coal industry cost curve. Costs for FY2015 were driven substantially lower than the previous year and well below target. The actual outcome for the FY2015 cost target (equity basis) was $61/t FOB, which exceeded the target of $64/t FOB.

ROM production (managed)

In FY2015, first production from Maules Creek and record production was achieved at Narrabri. The other open cut mines met their respective production targets for the year. The combination of higher production and lower unit costs improved the EBITDA outcome, that otherwise might have been achieved, by more than $35m.

EBITDA (before significant items)

Excellent cost control, combined with record production enabled the Company to exceed its EBITDA target of $105m for FY2015 despite a difficult coal price environment. The STI award in excess of Target has been deferred into equity instruments and is subject to the vesting condition that the Company return to profitability within two years (see below for further details).

Maules Creek

Maules Creek construction proceeded well ahead of schedule. First railings from Maules Creek were brought forward by three months from the first week of March 2015 to the third week of December 2014. Typically, when construction milestone dates in large projects, like Maules Creek, are brought forward, the total project cost increases. However, at Maules Creek management was able to bring the project into production earlier than scheduled and below the project's construction budget enabling it to be declared commercial on 1 July 2015. The STI award in excess of Target for the Maules Creek KPI has been deferred into equity instruments and is subject to a vesting condition in relation to project savings (see below for further details).

6 Remuneration report (cont'd)

6.5 Detail of components of executive KMP remuneration (cont'd)

6.5.3 Short term incentive for FY2015 (cont'd)

Individual Leadership KPI's

Managing Director KPI's are cascaded into the Company to site management level. Below site management level a mix of specific site based and Company-wide targets are adopted as appropriate. The STI classification weightings that apply for the Managing Director are broadly consistent when cascaded into the Company.

Refinancing

Aided by progress to achieve the operational and financial KPI's, the Group established a new A$1.4 billion Senior Secured Bank Facility in March 2015. The new facility is larger, and has more favourable terms, than the facility that it replaced. In particular, the margin and initial establishment fees have been reduced substantially from the previous facility - reflecting the credit transformation of the company.

How is the STI delivered?

63% of the STI award will be paid to the executive KMP in cash in September 2015.

The remaining 37% of the STI award will be deferred into equity instruments (**Deferred Equity**), delivered as rights to receive Whitehaven ordinary shares subject to meeting service based vesting conditions and, in some instances, performance based vesting conditions. On vesting, each right will entitle the recipient to one ordinary share in the Company. The Deferred Equity portion of the executive KMP's STI is split into two tranches:

- Tranche 1 consists of 27% of the total STI and is subject to serviced based vesting conditions only. Half of this tranche will vest 12 months after the grant date. The other half will vest 24 months after the grant date.
- Tranche 2 consists of the remaining 10% up to the total STI and represents the portion of stretch performance achieved in relation to the EBITDA and Maules Creek KPI's. Tranche 2 of the Deferred Equity is subject to the achievement of the following two performance conditions:

  (1) Up to 6% of the total STI will vest if the final project savings amount for the Maules Creek project is achieved; and

  (2) 4% of the total STI will vest if the Company reports a full year Net Profit After Tax within the next two years.

  The relevant tranche 2 performance conditions will be tested in the 24 months after the grant date.

Deferred Equity will not vest if the executive KMP resigns or is terminated for cause or the Board applies its discretion to clawback some or all of the Deferred Equity. Dividends do not accrue on Deferred Equity.

KMP are required to comply with the Company's securities trading policy in respect of their Deferred Equity, which includes a prohibition on hedging or otherwise protecting the value of their unvested securities. In the event of a takeover or any proposed transaction that, in the Board's opinion, is likely to result in a change of control, the Deferred Equity will vest.

6 Remuneration report (cont'd)

6.5.4 STI award outcomes for KMP

As noted in the table above, KMP outperformed most components of the FY2015 STI. The individual outcome for each KMP is set out in the table below.

	STI earned ($A)			
KMP	**Paid as cash ($)**	**Deferred into equity ($)**	**Percentage of maximum STI**	**Contingent STI**
Paul Flynn	585,813	251,062	86%	89,375
Kevin Ball	227,500	97,500	87%	37,500
Timothy Burt	227,500	97,500	87%	37,500
Brian Cole	295,750	126,750	87%	48,750
Jamie Frankcombe	413,438	177,187	90%	43,750
Scott Knights *	170,985	73,279	83%	29,312

* Commenced role as Executive General Manager Marketing on 18 August 2014

6.5.5 2014 Long term incentive grant

As outlined in last year's Remuneration Report, the Board has introduced a second performance hurdle for the LTI granted in 2014 (**2014 LTI grant**) based on a cost per tonne target (**cost hurdle**). The cost hurdle was set at a level which is aligned to the Company's goal of being Australia's leading independent coal producer. The hurdle rate chosen was designed to position the Company in the lowest cost quartile of the current coal industry cost curve and was introduced in response to feedback received from shareholders. The cost hurdle applies to 40% of the grant. To ensure consistency with shareholder expectations, the Board retains the discretion to adjust the outcome of the cost hurdle (upwards or downwards) to take account of mergers, acquisitions and divestments or other exceptional circumstances. The remaining 60% of the grant continues to be tested against a relative TSR performance hurdle.

The following table describes the full terms of the 2014 LTI grant.

Who participated?	All executive KMP.
What was granted?	All executive KMP were granted performance rights with a face value equal to 80% of their TFR. The number of rights granted was determined by reference to the volume weighted average price of the Company's shares over the 20 trading day period commencing 10 trading days prior to 30 June 2014. Shareholder approval was obtained at the Annual General Meeting last year for the grant of performance rights to Mr Flynn. There is no exercise price payable on vesting of the performance rights.
What are the performance conditions?	The award was split into the following components: • **TSR Rights:** 60% of the award is subject to a relative total shareholder return (TSR) performance hurdle, which compares the TSR performance of the Company with the TSR performance of a peer group of companies operating in the Australian resources sectors; and • **Costs Target Rights**: 40% of the award is subject to the Company achieving a defined costs per tonne target (Costs Hurdle) – see below.

6 Remuneration report (cont'd)

6.5.5 2014 Long term incentive grant (cont'd)

Why were these performance conditions chosen?

A TSR performance hurdle has been chosen on the basis that it allows for an objective external assessment of the shareholder value created by the Company over a sustained period and on a basis that is familiar to shareholders.

As stated above, the Cost Hurdle was chosen and set at a level which is aligned to the Company's vision to be Australia's leading independent coal producer and positioned in the lowest cost quartile of Australian coal producers.

What are the performance periods?

The TSR Rights are divided into two equal tranches capable of vesting after a 3 and 4 year performance period (respectively), with each performance period commencing on 1 July 2014.

The Costs Target Rights are capable of vesting at the end of FY2017 based on the FOB cost per saleable tonne achieved on a Company-wide basis over the 12 month period from 1 July 2016 to 30 June 2017.

How will the performance condition be calculated for the TSR Rights?

The TSR of the Company for the 2014 LTI grant is measured as a percentile ranking compared to the below comparator group of listed entities over the relevant performance period for the tranche.

Alumina	Iluka Resources	Rio Tinto
Arrium	Independence Group	Santos
Aquila Resources	New Hope Group	Sims Metal Management
Beach Energy	Newcrest Mining	Sirius Resources
BHP Billiton	Oil Search	Western Areas
BlueScope Steel	Origin Energy	Whitehaven Coal
Caltex Australia	Oz Minerals	Woodside Petroleum
Fortescue Metals Group	PanAust	WorleyParsons

The constituents of the comparator group are determined each year at the time of grant.

The level of vesting will be determined based on the ranking against the comparator group companies in accordance with the following schedule:

- in the 75th percentile (i.e. lowest cost quartile) or above – 100% of the TSR Rights vest;
- between the 50th and 75th percentile – 35% of the TSR Rights vest at the 50th percentile, and thereafter additional vesting will occur on a pro rata straight line basis up to the 75th percentile; and
- below the 50th percentile - no TSR Rights vest.

6 Remuneration report (cont'd)

6.5.5 2014 Long term incentive grant (cont'd)

Unless the Remuneration Committee determines otherwise, the TSR of a company for a performance period will be calculated adopting the following determination of the relevant opening and closing share prices:

- the volume weighted average share price over the 20 trading day period commencing 10 trading days before 1 July 2014 (opening share price); and
- the volume weighted average share price over the corresponding 20 trading day period at the conclusion of the relevant Performance Period (closing share price).

How will the performance condition be calculated for the Cost Target Rights?

The Remuneration Committee has set the LTI Costs Hurdle having regard to the Company's budgeted cost forecasts and to the current coal industry cost curve as measured by a recognised expert. The Board is satisfied that the LTI Costs Hurdle is challenging and rigorous and, if the target is achieved, it would place the Company in the lowest cost quartile of the current coal industry cost curve.

Testing will occur at the end of FY2017 based on the average costs achieved on a Company-wide basis over the 12 month period from 1 July 2016 to 30 June 2017. Full vesting will only occur if the Board is satisfied that performance meets or exceeds the Stretch Target as set out below. The Board may, where it is appropriate to do so, revise the targets below to take account of mergers, acquisitions and divestments or other exceptional circumstances.

Vesting will occur based on the following schedule:

- Stretch or above – 100% of Cost Target Rights vest;
- Between Target and Stretch – 35% of the TSR Rights vest at Target performance and thereafter additional vesting will occur on a pro rata straight line basis up to stretch performance;
- Target - 35% of Cost Target Rights vest; and
- Below Target – no Cost Target Rights vest.

Due to the commercially sensitive nature of this hurdle, the exact target will not be disclosed at this stage. However, retrospective disclosure of the outcomes against the target will be provided in the Remuneration Report for the year of vesting. Notably, the Company also sets annual short term cost hurdles in the KPI's for executive KMP's STI awards. Measured outcomes against that hurdle are reported at the end of each financial year.

To the extent that the Costs Hurdle is satisfied at the end of FY2017:

- 50% of the Costs Target Rights that vest will be immediately delivered in shares; and
- The remaining 50% will continue on foot, subject to a further one year service condition prior to being delivered in shares.

Notwithstanding the vesting schedule above, the Board retains a discretion to lapse any or all Costs Target Rights if the Board considers that vesting would be inappropriate in light of the intent and purpose of the target.

Re-testing

All performance rights that do not vest following testing will lapse immediately. There is no re-testing of awards that do not vest.

Do the performance rights attract dividend and voting rights?

Performance rights do not carry voting or dividend rights.

Shares allocated on vesting of performance rights rank equally with other ordinary shares on issue, including in relation to dividend and voting rights. Participants are required to comply with the Company's securities trading policy in respect of their performance rights and any shares they receive upon vesting. They are prohibited from hedging or otherwise protecting the value of their performance rights.

6 Remuneration report (cont'd)

6.5.5 2014 Long term incentive grant (cont'd)

What happens in the event of a change in control?	In the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board has a discretion to determine that vesting of some or all of any unvested performance rights should be accelerated.
What happens if an executive ceases employment during the performance period?	In general, unless the Board determines otherwise, where an executive's employment is terminated: • for cause: all unvested performance rights will lapse • due to resignation or by mutual agreement with the Company: unvested performance rights will remain on foot and subject to the original performance hurdle. However, the Board may at its discretion determine to lapse any or all of the unvested performance rights and ordinarily, in the case of a resignation, would be expected to do so • for any other reason: unvested performance rights will remain on foot and subject to the original performance hurdle, with Board discretion to determine that some of the performance rights (up to a pro rata portion based on how much of the performance period remains) will lapse. The performance rights that remain on foot will be tested in the normal course following the end of the relevant performance period

6 Remuneration report (cont'd)

6.5.6 Equity instruments granted as remuneration

Performance rights granted to KMP

Details of performance rights granted to KMP during FY2015 are set out in the table below. The grants to KMP constituted their full LTI entitlement for FY2015 and were made on the terms summarised in section 6.5.5 above.

KMP	Number of performance rights granted	Performance Hurdle*	Grant date	Fair value per performance rights at grant date**	Vesting date
Paul Flynn	213,699	TSR	16 January 2015	$0.71	30 June 2017
	213,698	TSR	16 January 2015	$0.72	30 June 2018
	284,932	Costs Hurdle	16 January 2015	$1.17	30 June 2017
				$1.13	30 June 2018
Kevin Ball	82,192	TSR	16 January 2015	$0.71	30 June 2017
	82,192	TSR	16 January 2015	$0.72	30 June 2018
	109,589	Costs Hurdle	16 January 2015	$1.17	30 June 2017
				$1.13	30 June 2018
Timothy Burt	82,192	TSR	16 January 2015	$0.71	30 June 2017
	82,192	TSR	16 January 2015	$0.72	30 June 2018
	109,589	Costs Hurdle	16 January 2015	$1.17	30 June 2017
				$1.13	30 June 2018
Brian Cole	106,866	TSR	16 January 2015	$0.71	30 June 2017
	106,865	TSR	16 January 2015	$0.72	30 June 2018
	142,488	Costs Hurdle	16 January 2015	$1.17	30 June 2017
				$1.13	30 June 2018
Jamie Frankcombe	143,836	TSR	16 January 2015	$0.71	30 June 2017
	143,835	TSR	16 January 2015	$0.72	30 June 2018
	191,781	Costs Hurdle	16 January 2015	$1.17	30 June 2017
				$1.13	30 June 2018
Scott Knights	73,973	TSR	16 January 2015	$0.71	30 June 2017
	73,972	TSR	16 January 2015	$0.72	30 June 2018
	98,630	Costs Hurdle	16 January 2015	$1.17	30 June 2017
				$1.13	30 June 2018

** To the extent that the Costs Hurdle is satisfied at the end of FY2017, 50% of the rights will vest immediately and the remaining 50% will continue on foot, subject to a further one year service condition.*

*** The fair value for performance rights granted to the KMP is based on the fair value at the grant date, measured using a Monte Carlo simulation model. The factors and assumptions used in determining the fair value are set out in the note 32 to the financial statements.*

6 Remuneration report (cont'd)

6.6 Company performance

A snapshot of key Company performance measures for the past five years is set out below:

	2015	**2014**	**2013**	**2012**	**2011 (pre-merger)**
Revenue ($m's)	763.3	755.4	622.2	618.1	622.2
EBITDA ($m's)	130.3	90.4	17.1	149.2	148.0
Profit/(loss) attributable to the group ($m's)	(342.7)	(38.4)	(88.7)	62.5	9.9
Share price at year end (dollars per share)	$1.32	$1.43	$2.30	$4.15	$5.83*
Basic EPS (cents per share)	(33.3)	(3.9)	(9.0)	10.9	2.0
Diluted EPS (cents per share)	(33.3)	(3.9)	(9.0)	10.9	2.0
Dividends paid (cents per share)	-	-	3.0	4.1	6.1
Special dividends paid (cents per share)	-	-	-	50.0	-
TRIFR	9.2	14.06	22.36	34.61	20.21
Saleable Production – Mt	11.3	8.2	6.6	4.3	4.2

* The opening share price for 2011 was $4.80.

6.7 Employment contracts

The following section sets out an overview of the remuneration and other key terms of employment for the executive KMP, as provided in their service agreements.

6.7.1 Managing Director

Paul Flynn was appointed as Managing Director and CEO of the Company on 25 March 2013. This table outlines the key terms of Mr Flynn's contract of employment.

Fixed remuneration	Mr Flynn's TFR for FY2016 is $1,326,000 per annum, which includes salary, superannuation contributions, any components under Whitehaven's salary packaging guidelines and all director's fees. TFR is reviewed annually.
Short term incentive	Mr Flynn is eligible to participate in the annual STI plan, as described in section 6.5 of this Remuneration Report. At target level of performance, his STI opportunity is 50% of TFR, with up to 75% of TFR for stretch performance.
Long term incentive	Mr Flynn is eligible to participate in the LTI plan on terms similar to those applicable to grants made to other senior executives of Whitehaven (as set out in section 6.5) and subject to receiving any required or appropriate shareholder approval. The Board has increased Mr Flynn's LTI grant from 80% to 100% of his TFR for FY2016.
Other key terms	Other key terms of Mr Flynn's service agreement include the following: – his employment is ongoing, subject to twelve months' notice of termination by Whitehaven or six months' notice of termination by Mr Flynn – the Company may terminate without notice in certain circumstances, including serious misconduct or negligence in the performance of duties. Mr Flynn may terminate immediately in the case of fundamental change to his role (i.e. there is a substantial diminution to his responsibilities), in which case his entitlements will be the same as if the Company terminated him without cause – the consequences for unvested incentive awards on termination of Mr Flynn's employment will be in accordance with the Company's STI and LTI plans – Mr Flynn will have post-employment restraints for a period of three months. No additional amounts will be payable in respect of this restraint period

6 Remuneration report (cont'd)

6.7 Employment contracts (cont'd)

6.7.2 Senior executive contracts

A summary of the notice periods and key terms of the current executive KMP contracts are set out in the table below. All of the contracts below are of ongoing duration.

Name and position (at year-end)	Notice
Kevin Ball Chief Financial Officer Appointed 16 December 2013	3 months by employee 6 months by the Company
Timothy Burt General Counsel and Joint Company Secretary Appointed 29 July 2009	3 months by employee 12 months by the Company
Brian Cole Executive General Manager - Project Delivery Appointed 1 July 2012	6 months by employee or the Company
Jamie Frankcombe Executive General Manager – Operations Appointed 4 February 2013	3 months by employee 6 months by the Company
Scott Knights Executive General Manager – Marketing Appointed 18 August 2014	6 months by employee or the Company

The executive contracts give the Company discretion to make payment in lieu of notice. No notice is required where termination is for cause. The contracts do not provide for any termination payments other than payment in lieu of notice.

Treatment of unvested incentives is dealt with in accordance with the terms of grant. In general, under the STI and LTI arrangements, unvested entitlements will be forfeited where an executive is terminated for cause or, subject to the Board's discretion, where they resign. In all other circumstances where the Board considers the executive to be a 'good leaver', outgoing executives will generally retain their entitlements (subject to any applicable performance conditions in the case of LTI arrangements).

6.8 Statutory senior executive remuneration table

The following table sets out the statutory remuneration disclosures required under the *Corporations Act 2001* (Cth) and has been prepared in accordance with the appropriate accounting standards and has been audited.

6 Remuneration report (cont'd)

6.8 Statutory senior executive remuneration table (cont'd)

In AUD	FY	Salary & fees	Cash bonus	Non-monetary benefits (A)	Super-annuation Benefits	Short term incentive (B)	Termination Benefits	Share-based payments: Shares	Share-based payments: Rights and options (C)	Total Remuneration
Directors										
Paul Flynn*	2015	1,275,518	-	11,530	24,482	926,250	-	-	180,678	2,418,458
	2014	1,275,000	-	11,160	25,000	809,435	-	-	48,011	2,168,606
Other Executives										
Kevin Ball**	2015	475,000	-	-	25,000	362,500	-	-	61,606	924,106
	2014	249,956	-	-	13,636	114,895	-	-	14,860	393,347
Timothy Burt	2015	469,697	-	11,530	30,000	362,500	-	-	116,809	990,536
	2014	450,000	-	11,160	25,000	217,346	-	-	85,945	789,451
Brian Cole	2015	615,100	-	18,193	35,000	471,250	-	-	157,000	1,296,543
	2014	615,100	-	15,463	35,000	298,359	-	-	117,615	1,081,537
Jamie Frankcombe	2015	850,000	-	11,530	25,000	634,375	-	-	137,379	1,658,284
	2014	850,000	-	11,160	25,000	437,500	-	-	48,182	1,371,842
Scott Knights***	2015	371,032	-	-	22,520	273,575	-	-	-	667,127

*Commenced role as Managing Director and CEO on 25 March 2013. Mr Flynn's STI in FY14 operated over a 15 month period in recognition of the fact that he did not participate in the FY2013 STI grant

**Commenced role as Chief Financial Officer on 16 December 2013

***Commenced role as Executive General Manager Marketing on 18 August 2014

6 Remuneration report (cont'd)

6.8 Statutory senior executive remuneration table (cont'd)

A. The amounts disclosed as non-monetary benefits relate to car spaces, motor vehicle benefits and other similar items.

B. Refer to section 6.5 of the remuneration report for details of the FY2015 STI – approximately 63% will be paid in September 2015 while 37% will be the subject of further service based vesting conditions and in some instances performance based vesting conditions.

C. The fair value for Performance Rights granted to the KMP is based on the fair value at the grant date, measured using a Monte Carlo simulation model. The factors and assumptions used in determining the fair value are set out in note 32 to the financial statements.

6.8.1 Movement of equity instruments

The movement during the reporting period, by number and value, of performance rights over ordinary shares and deferred shares in the Company held by each senior executive is detailed below.

Executive	Instrument	Balance as at 1 July 2014 (number)	Granted (number) (A)	Granted (value) (B)	Vested (number)	Vested (value) (C)	Lapsed (number)	Lapsed (year of grant) (D)	Balance as at 30 June 2015 (number)
Paul Flynn	Performance Rights	590,909	712,329	$633,261	-	-	-	-	1,303,238
	Deferred Shares (STI)	-	126,410	$242,707	-	-	-	-	126,410
Kevin Ball	Performance Rights	96,380	273,973	$243,562	-	-	-	-	370,353
	Deferred Shares (STI)	-	19,150	$36,768	-	-	-	-	19,150
Timothy Burt	Performance Rights	262,100	273,973	$243,562	-	-	30,819*	2012	505,254
	Deferred Shares (STI)	10,292	33,937	$65,159	5,146	$10,395	-	-	39,083
Brian Cole	Performance Rights	358,700	356,219	$316,679	-	-	42,174*	2012	672,745
	Deferred Shares (STI)	12,499	46,597	$89,467	6,250	$12,625	-	-	52,846
Jamie Frankcombe	Performance Rights	312,500	479,452	$426,233	-	-	-	-	791,952
	Deferred Shares (STI)	6,676	68,287	$131,111	3,338	$6,743	-	-	71,625
Scott Knights	Performance Rights	-	246,575	$219,205	-	-	-	-	246,575

*The performance period for Tranche 1 of the 2012 LTI grant expired on 23 September 2014 and all of the rights lapsed as a result of the performance condition not being met.

6 Remuneration report (cont'd)

6.8 Statutory senior executive remuneration table (cont'd)

6.8.1 Movement of equity instruments (cont'd)

(A) The number of deferred shares granted during FY2015 reflects the deferred component of the FY2014 STI award, calculated by reference to the volume weighted average price of the Company's shares for the 20 day trading period commencing 10 trading days prior to 27 August 2014. The grant date of the deferred shares was 16 January 2015. The deferred shares are subject to a further one and two year service based vesting condition, as disclosed in last year's Remuneration Report.

(B) The value of performance rights granted in the year is the fair value of the performance rights at grant date using the Monte Carlo simulation model. The total value of the performance rights granted is included in the table above. The unvested performance rights and deferred shares have a minimum value of zero if they do not meet the relevant performance or service conditions. The maximum value of unvested performance rights and deferred shares is the sale price of the Company's shares at the date of vesting.

(C) No performance rights vested during the period. Tranche 1 of the FY2013 STI deferred shares vested during the period. The vested value has been calculated using the volume weighted average price of the Company's shares for the 20 day trading period commencing 10 trading days prior to the effective grant date of 27 August 2013.

(D) The year in which the performance rights which lapsed were granted.

6 Remuneration report (cont'd)

6.9 Non-executive Director remuneration

This section explains the remuneration for Non-executive Directors.

6.9.1 Setting Non-executive Director remuneration

Remuneration for Non-executive Directors is designed to ensure that the Company can attract and retain suitably qualified and experienced Directors.

Non-executive Directors do not receive shares, share options or any performance-related incentives as part of their remuneration from the Company however Directors are strongly encouraged to hold shares.

Directors are also entitled to be remunerated for any travel and other expenses reasonably incurred when attending meetings of the Board or in connection with the business of the Company.

The Remuneration Committee reviews and makes recommendations to the Board with respect to Non-executive Directors' fees and committee fees.

6.9.2 Current fee levels and fee pool

The table below sets out the Board and committee fees in Australian dollars as at 30 June 2015.

The Board determined that there would be no fee increases for Non-executive Directors in FY2016. Fees remain unchanged since 2012.

	Chairman	**Deputy Chairman**	**Member**
Board	$350,000*	$262,500*	$140,000
Audit & Risk Management Committee	$40,000	-	$20,000
Remuneration Committee	$25,000	-	$12,500
Governance & Nominations Committee	No fee	-	No fee
Health, Safety, Environment & Community Committee	$25,000	-	$12,500

**This is a composite fee. The Chairman and Deputy Chairman of the Board receive no standing committee fees in addition to their Board fees.*

The fees set out above are exclusive of mandatory statutory superannuation contributions made on behalf of the Non-executive Directors.

In addition to the meetings that the Non-executive Directors attended (as shown on page 6), the Non-executive Directors participated in site visits to underground and open cut mines.

6 Remuneration report (cont'd)

6.9 Non-executive Director remuneration (cont'd)

6.9.3 Statutory disclosures

The statutory disclosures required under the *Corporations Act 2001* (Cth) and in accordance with the Accounting Standards are set out in the table below.

Details of remuneration received in their capacity as Executive Directors are disclosed in section 6.8.

		Short-term benefits			Post-employment benefits		Total
In AUD		**Board & Committee fees**	**Non-monetary benefits**	**Other benefits (non-cash)**	**Super-annuation benefits**	**Termination benefits**	**Remuneration for services as a Non-executive Director**
Non-executive Directors							
The Hon. Mark Vaile (Chairman)	2015	350,000	-	-	18,783	-	368,783
	2014	350,000	-	-	17,774	-	367,774
John Conde (Deputy Chairman)	2015	262,500	-	-	18,783		281,283
	2014	262,500	-	-	17,774		280,274
Philip Christensen*	2015	5,979	-	-	568	-	6,547
	2014	165,000	-	-	15,263	-	180,263
Rick Gazzard	2015	172,500			16,388		188,888
	2014	172,500			15,956		188,456
Tony Haggarty	2015	165,000	-	-	15,675	-	180,675
	2014	151,458	-	-	14,010	-	165,468
Christine McLoughlin	2015	177,500	-	-	16,863		194,363
	2014	177,500	-	-	16,419		193,919
Ray Zage	2015	-[1]	-	-	-	-	-
	2014	-[1]	-	-	-	-	-
Total	**2015**	**1,133,479**	**-**	**-**	**87,060**	**-**	**1,220,539**
	2014	**1,278,958**	**-**	**-**	**97,196**	**-**	**1,376,154**

*Resigned 14 July 2014

[1] Mr Zage elected not to receive any Board & Committee fees.

6 Remuneration report (cont'd)

6.10 Loans from key management personnel and their related parties

There were no loans outstanding to key management personnel and their related parties, at any time in the current or prior reporting periods.

6.11 Other key management personnel transactions

Apart from the details disclosed in this report, no Director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

6.12 Additional disclosures relating to shares and options and rights over equity instruments

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties is as follows:

No. of shares	Held at 1 July 2014	Received on vesting of LTI	Received as remuneration	Other net change	Held at 30 June 2015
Directors					
Mark Vaile	2,787,767	-	-	(220,000)	2,567,767
John Conde	378,605	-	-	-	378,605
Philip Christensen*	1,566,575	-	-	n/a[1]	n/a[1]
Paul Flynn	39,382	-	126,410**	100,000	265,792
Rick Gazzard	200,000	-	-	-	200,000
Tony Haggarty	20,049,787	-	-	11,000	20,060,787
Christine McLoughlin	21,000	-	-	34,000	55,000
Ray Zage	-	-	-	-	-
Executives					
Kevin Ball	-	-	19,150**	25,000	44,150
Timothy Burt	190,192	-	33,937**	-	224,129***
Brian Cole	12,499	-	46,597**	-	59,096***
Jamie Frankcombe	184,363	-	68,287**	75,000	327,650***
Scott Knights	-	-	-	-	-

[1] Philip Christensen resigned 14 July 2014.
*Includes 762,902 shares issued subject to restrictions. Refer to note 26 for details.

**Shares granted as part of FY2014 STI and subject to restrictions.

***Includes shares subject to restrictions granted as part of FY2013 and FY2014 STI.

6 Remuneration report (cont'd)

6.12 Additional disclosures relating to shares and options and rights over equity instruments (cont'd)

The movement during the reporting period in the number of options and rights over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person and director-related entities, including their related parties, is as follows:

	Held at 1 July 2014	Granted	Exercised	Lapsed/ Forfeited	Held at 30 June 2015	Vested during the year	Vested and exercisable at 30 June 2015
Directors							
Mark Vaile	189,000*	-	-	-	189,000	-	189,000
Paul Flynn	590,909	712,329	-	-	1,303,238	-	-
Philip Christensen	189,000*	-	-	-	n/a[1]	-	n/a[1]
Executives							
Kevin Ball	96,380	273,973	-	-	370,353	-	-
Timothy Burt	262,100	273,973	-	(30,819)	505,254	-	-
Brian Cole	358,700	356,219	-	(42,174)	672,745	-	-
Jamie Frankcombe	312,500	479,452	-	-	791,952	-	-
Scott Knights	-	246,575	-	-	246,575	-	-

[1] Philip Christensen resigned 14 July 2014.

* The Group issued fully vested options over the Company's shares in consideration for fully vested options held in Aston Resources Limited as part of the scheme of arrangement. Directors and director related entities received these options in their capacity as option holders in Aston Resources Limited and as such they do not form part of their remuneration.

Signed in accordance with a resolution of the directors:

Mark Vaile
Chairman
Dated at Sydney this 13th day of August 2015

Building a better working world

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Auditor's Independence Declaration to the Directors of Whitehaven Coal Limited

In relation to our audit of the financial report of Whitehaven Coal Limited for the financial year ended 30 June 2015 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Trent van Veen
Partner
13 August 2015

Whitehaven Coal Limited and its controlled entities
Statement of comprehensive income
For the year ended 30 June 2015

In thousands of AUD ($'000)	**Note**	**Consolidated 2015**	**Consolidated 2014**
Revenue	*8*	763,290	755,406
Other income	*9*	10,713	8,497
Operating expenses		(358,089)	(367,443)
Coal purchases		-	(45,740)
Selling and distribution expenses		(202,226)	(189,654)
Government royalties		(58,120)	(54,222)
Impairment of assets	*7*	(445,363)	(2,340)
Administrative expenses		(24,750)	(24,623)
Depreciation and amortisation		(97,584)	(79,491)
Other expenses	*10*	(2,784)	(4,567)
Loss before net financial expense		**(414,913)**	**(4,177)**
Financial income	*12*	4,756	5,857
Financial expenses	*12*	(73,160)	(58,014)
Net financial expense	***12***	**(68,404)**	**(52,157)**
Loss before tax		(483,317)	(56,334)
Income tax benefit	*13a)*	140,592	17,949
Net loss for the year		**(342,725)**	**(38,385)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges		(1,507)	4,351
Income tax effect	*13b)*	452	(1,305)
Other comprehensive (loss) / income for the period, net of tax		**(1,055)**	**3,046**
Total comprehensive loss for the period, net of tax		**(343,780)**	**(35,339)**
Net loss for the period attributable to:			
Owners of the parent		(330,625)	(38,385)
Non-controlling interests		(12,100)	-
Total comprehensive loss for the period, net of tax attributable to:			
Owners of the parent		(331,680)	(35,339)
Non-controlling interests		(12,100)	-
Earnings per share:			
Basic loss per share (cents per share)	*35*	(33.3)	(3.9)
Diluted loss per share (cents per share)	*35*	(33.3)	(3.9)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Whitehaven Coal Limited and its controlled entities
Statement of financial position
As at 30 June 2015

		Consolidated	
In thousands of AUD ($'000)	**Note**	**2015**	**2014**
Assets			
Cash and cash equivalents	*14*	102,393	103,167
Trade and other receivables	*15*	101,052	70,262
Inventories	*16*	89,892	61,122
Derivative financial instruments	*17*	162	-
Total current assets		**293,499**	**234,551**
Trade and other receivables	*15*	24,176	29,672
Investments	*18*	37	568
Property, plant and equipment	*19*	3,539,244	3,384,937
Exploration and evaluation	*20*	201,346	526,914
Intangible assets	*21*	19,954	105,843
Deferred tax assets	*13(c)*	111,115	-
Total non-current assets		**3,895,872**	**4,047,934**
Total assets		**4,189,371**	**4,282,485**
Liabilities			
Trade and other payables	*22*	147,422	155,688
Interest bearing loans and borrowings	*23*	21,750	33,084
Employee benefits	*24*	14,055	12,900
Current tax payable	*13(c)*	42,331	6,219
Provisions	*25*	7,380	22,995
Derivative financial instruments	*17*	2,136	466
Total current liabilities		**235,074**	**231,352**
Non-current liabilities			
Interest bearing loans and borrowings	*23*	1,016,481	755,308
Deferred tax liabilities	*13(c)*	-	29,931
Provisions	*25*	72,782	59,358
Total non-current liabilities		**1,089,263**	**844,597**
Total liabilities		**1,324,337**	**1,075,949**
Net assets		**2,865,034**	**3,206,536**
Equity			
Issued capital	*26(a)*	3,146,147	3,146,300
Share based payments reserve		36,543	35,206
Hedge reserve		(1,381)	(326)
Retained earnings		(317,353)	12,178
Equity attributable to owners of the parent		**2,863,956**	**3,193,358**
Non-controlling interest		1,078	13,178
Total equity		**2,865,034**	**3,206,536**

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Whitehaven Coal Limited and its controlled entities

Statement of changes in equity

For the year ended 30 June 2015

Consolidated *In thousands of AUD ($'000)*	**Note**	**Issued Capital**	**Share Based Payment Reserve**	**Hedge Reserve**	**Retained Earnings**	**Total**	**Non-controlling interest**	**Total equity**
Opening balance at 1 July 2013		**3,146,301**	**34,152**	**(3,372)**	**50,363**	**3,227,444**	**13,178**	**3,240,622**
(Loss) for the period		-	-	-	(38,385)	(38,385)	-	(38,385)
Other comprehensive income		-	-	3,046	-	3,046	-	3,046
Total comprehensive income for the year		**-**	**-**	**3,046**	**(38,385)**	**(35,339)**	**-**	**(35,339)**
Transactions with owners in their capacity as owners:								
Share based payments	*32*	-	1,254	-	-	1,254	-	1,254
Transfer on exercise/lapse of share based payments		-	(200)	-	200	-	-	-
Cost of shares issued, net of tax	*26*	(1)	-	-	-	(1)	-	(1)
Closing balance at 30 June 2014		**3,146,300**	**35,206**	**(326)**	**12,178**	**3,193,358**	**13,178**	**3,206,536**
Opening balance at 1 July 2014		**3,146,300**	**35,206**	**(326)**	**12,178**	**3,193,358**	**13,178**	**3,206,536**
(Loss) for the period		-	-	-	(330,625)	(330,625)	(12,100)	(342,725)
Other comprehensive income		-	-	(1,055)	-	(1,055)	-	(1,055)
Total comprehensive income for the year		**-**	**-**	**(1,055)**	**(330,625)**	**(331,680)**	**(12,100)**	**(343,780)**
Transactions with owners in their capacity as owners:								
Share based payments	*32*	-	2,431	-	-	2,431	-	2,431
Transfer on exercise/lapse of share based payments		-	(1,094)	-	1,094	-	-	-
Purchase of shares through employee share plan	*26*	(148)	-	-	-	(148)	-	(148)
Cost of shares issued, net of tax	*26*	(5)	-	-	-	(5)	-	(5)
Closing balance at 30 June 2015		**3,146,147**	**36,543**	**(1,381)**	**(317,353)**	**2,863,956**	**1,078**	**2,865,034**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Whitehaven Coal Limited and its controlled entities
Statement of cash flows
For the year ended 30 June 2015

In thousands of AUD ($'000)	**Note**	**Consolidated** 2015	2014
Cash flows from operating activities			
Cash receipts from customers		740,162	773,612
Cash paid to suppliers and employees		(527,738)	(648,185)
Cash generated from operations		212,424	125,427
Interest paid		(39,914)	(42,895)
Interest received		4,752	5,054
Income taxes refunded		36,111	21,020
Net cash from operating activities	*30*	**213,373**	**108,606**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	31
Purchase of property, plant and equipment		(430,555)	(310,852)
Purchase of intangible assets		(4,975)	(6,300)
Exploration and evaluation expenditure		(851)	(2,813)
Net cash used in investing activities		**(436,381)**	**(319,934)**
Cash flows from financing activities			
Net proceeds from issue / (repayment) of shares		(153)	(2)
Proceeds from borrowings	*23*	1,125,000	236,784
Repayment of borrowings	*23*	(858,246)	(8,247)
Payment of finance facility upfront costs		(27,084)	-
Payment of finance lease liabilities		(17,283)	(24,556)
Net cash from financing activities		**222,234**	**203,979**
Net change in cash and cash equivalents		(774)	(7,349)
Cash and cash equivalents at 1 July		103,167	110,516
Cash and cash equivalents at 30 June	*14*	**102,393**	**103,167**

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

1 Reporting entity

The financial report of Whitehaven Coal Limited ('Whitehaven' or 'Company') for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 13 August 2015. Whitehaven Coal Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The address of the Company's registered office is Level 28, 259 George Street, Sydney NSW 2000. The Company is a for-profit entity, and the principal activity of the consolidated entity is the development and operation of coal mines in New South Wales.

2 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available for sale financial assets that have been measured at fair value (refer to notes 3g and 3h).

The Company is of a kind referred to in ASIC Class Order 98/100 and dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

a) Statement of compliance

The financial report also complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

b) Functional and presentation currency

Both the functional and presentation currency of the Company and of all entities in the consolidated entity is Australian dollars ($).

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all subsidiaries in the consolidated entity.

New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of new standards and interpretations effective as of 1 July 2014. These are outlined in note 39.

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2015 are outlined in note 39.

3 Summary of significant accounting policies (cont.)

a) Basis of consolidation

The consolidated financial report of the Company for the financial year ended 30 June 2015 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity') and the consolidated entity's interest in jointly controlled operations.

(i) Subsidiaries

Subsidiaries are all those entities over which the consolidated entity has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

(ii) Jointly controlled operations

The consolidated entity recognises its interest in jointly controlled operations by recognising its interest in the assets and liabilities of the joint venture. The consolidated entity also recognises the expenses it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

(iii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

3 Summary of significant accounting policies (cont.)

b) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

c) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- nature of the products and services
- nature of the production processes
- type or class of customer for the products and services
- methods used to distribute the products or provide the services, and if applicable
- nature of the regulatory environment

d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. For the purpose of the Statement of Cash Flows, bank overdrafts that are repayable on demand and form an integral part of the consolidated entity’s cash management are included as a component of cash and cash equivalents.

e) Trade and other receivables

Trade receivables, which generally have between 5 and 21 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Recoverability of trade receivables is reviewed on an ongoing basis.

Receivables due in more than one year are recognised initially at fair value, discounted back to net present value based on appropriate discount rates for the consolidated entity.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of coal inventories is determined using a weighted average basis. Cost includes direct material, overburden removal, mining, processing, labour, mine rehabilitation costs incurred in the extraction process and other fixed and variable overhead costs directly related to mining activities.

Inventories are classified as follows:

- Run of mine: material extracted through the mining process
- Finished goods: products that have passed through all stages of the production process
- Consumables: goods or supplies to be either directly or indirectly consumed in the production process

3 Summary of significant accounting policies (cont.)

g) Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its risks associated with foreign currency and interest rate fluctuations arising from operating activities.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured to fair value. Any gains and losses arising from changes in the fair value of derivatives are accounted for as described below:

Cash flow hedges

Cash flow hedges are hedges of the consolidated entity's exposure to variability in cash flows that is attributable to a particular risk associated with forecast sales and purchases that could affect profit or loss. Changes in the fair value of the hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (coal sales and asset purchases) when the forecast transaction occurs.

The consolidated entity tests each of the designated cash flow hedges for effectiveness at each balance date, both retrospectively and prospectively, by using the dollar offset method. If the testing falls within the 80:125 range, the hedge is considered to be highly effective and continues to be designated as a cash flow hedge.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if it no longer meets the criteria for hedge accounting (due to it being ineffective), then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains in equity until the forecast transaction occurs.

Economic hedges

Derivatives which do not qualify for hedge accounting are measured at fair value with changes in fair value recognised in profit or loss.

h) Investments and other financial assets

Financial assets in the scope of AASB 139 are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.

Financial assets are recognised initially at fair value, plus, for assets not at fair value through profit or loss, any directly attributable transaction costs.

Recognition and derecognition

Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the consolidated entity commits itself to purchase or sell the asset. Financial assets are derecognised if the consolidated entity's contractual rights to the cash flows from the financial assets expire or if the consolidated entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

3 Summary of significant accounting policies (cont.)

i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets (including new mines) are capitalised as part of the cost of the asset.

Mining property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to production phase.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income'.

Assets are deemed to be commissioned when they are capable of operating in the manner intended by management, and amortisation starts from this date.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the consolidated entity and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line or units of production basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Mining property and development assets are depreciated on a units of production basis over the life of the economically recoverable reserves.

The depreciation rates used in the current and comparative periods are as follows:

• plant and equipment	2% – 50%
• leased plant and equipment	3% – 14%
• mining property and development assets	units of production

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

3 Summary of significant accounting policies (cont.)

j) Mine development costs

The cost of acquiring mineral reserves and mineral resources are capitalised on the statement of financial position as incurred. Capitalised costs (development expenditure) include expenditure incurred to expand the capacity of a mine and to maintain production. Mine development costs include acquired proved and probable mineral reserves at fair value at acquisition date.

Mineral reserves and capitalised mine development expenditure are, upon commencement of commercial production, depreciated over the remaining life of mine. The net carrying amounts of mineral reserves and resources and capitalised mine development expenditure at each mine property are reviewed for impairment at the cash-generating unit level. To the extent to which these values exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

k) Intangible assets

(i) Exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

i) sufficient data exists to determine technical feasibility and commercial viability, and
ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are not allocated to cash-generating units.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(ii) Water access rights

The consolidated entity holds water access rights, which have been determined to have an indefinite life. The water access rights have been recognised at cost and are assessed annually for impairment.

(iii) Rail access rights

Rail access rights have a finite useful life and are carried at cost less, where applicable, any accumulated amortisation and accumulated impairment losses. The carrying values of rail access rights are reviewed to ensure they are not in excess of their recoverable amounts. Rail access rights are amortised over the life of the mine or access agreement using a unit sold basis.

(iv) Other intangible assets

Other intangible assets that are acquired by the consolidated entity, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the statement of comprehensive income on a straight line basis over the estimated life of the mining property to which the intangible relates.

3 Summary of significant accounting policies (cont.)

k) Intangible assets (cont.)

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the statement of comprehensive income as incurred.

l) Deferred stripping costs

Expenditure incurred to remove overburden or waste material during the production phase of a mining operation is deferred to the extent it gives rise to future economic benefits and charged to operating costs on a units of production basis using the estimated average stripping ratio for the area being mined. Changes in estimates of average stripping ratios are accounted for prospectively.

For the purposes of assessing impairment, deferred stripping costs are grouped with other assets of the relevant cash generating unit.

m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Consolidated entity as lessee

Finance leases, which transfer to the consolidated entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the statement of comprehensive income. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and a reduction of the liability.

3 Summary of significant accounting policies (cont.)

n) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the consolidated entity's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit').

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.
Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

o) Trade and other payables

Trade and other payables are carried at amortised cost. Due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

p) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

3 Summary of significant accounting policies (cont.)

q) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages, salaries, annual leave and sick leave are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled i.e. at undiscounted amounts based on remuneration wage and salary rates including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Long-term service benefits

The consolidated entity's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance date which have maturity dates approximating to the terms of the consolidated entity's obligations.

(iii) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the statement of comprehensive income as incurred.

(iv) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

r) Provisions

A provision is recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3 Summary of significant accounting policies (cont.)

r) Provisions (cont.)

(i) Mine rehabilitation and closure

Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cashflows. The estimated cost of rehabilitation includes the current cost of re-contouring, topsoiling and revegetation based on legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Significant uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation. The amount of the provision relating to rehabilitation of mine infrastructure and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a non-current liability with a corresponding asset included in mining property and development assets.

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amount of the costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as a finance cost in the statement of comprehensive income as it occurs.

If the change in the liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written-down to nil and the excess is recognised immediately in the statement of comprehensive income. If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write-down recognised in the statement of comprehensive income in the period in which it occurs.

The amount of the provision relating to rehabilitation of environmental disturbance caused by on-going production and extraction activities is recognised in the statement of comprehensive income as incurred.

s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

t) Revenue and other income recognition

(i) Sale of coal

Revenue from the sale of coal is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. Transfer of risk and rewards are considered to have passed to the buyer under the terms of the individual contracts.

Revenue from the sale of Maules Creek development coal is being offset against development costs capitalised on the statement of financial position until production reaches commercial levels.

(ii) Rental income

Rental income is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Revenue received before it is earned is recorded as unearned lease income in the statement of financial position at its net present value, determined by discounting the expected notional future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

3 Summary of significant accounting policies (cont.)

t) Revenue and other income recognition (cont.)

(iii) Hire of plant

The consolidated entity hires plant under operating leases to its subsidiaries and joint ventures. Revenue from the plant hire is recognised in the statement of comprehensive income as earned.

u) Finance income and expense

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the consolidated entity's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except where capitalised as part of a qualifying asset.

Foreign currency gains and losses are reported on a net basis.

v) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid to the taxation authorities based on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes, other than for the following temporary differences:

- when the deferred income tax asset/liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit,
- when the taxable temporary difference is associated with investments in subsidiaries and joint operations to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

3 Summary of significant accounting policies (cont.)

v) Income tax (cont.)

(i) Minerals Resource Rent Tax (MRRT)

On 19 March 2012, the Australian Government passed through the Senate the Minerals Resource Rent Tax Act 2012, with application to certain profits arising from the extraction of iron ore and coal in Australia. MRRT was considered, for accounting purposes, to be a tax based on income. Accordingly, the current and deferred MRRT expense was measured and disclosed on the same basis as income tax. The MRRT was effective from 1 July 2012 however as financial reporting considerations must be made from the date of Royal Assent, the Group had recognised the impact of deferred tax originating from MRRT since 30 June 2012. On 5 September 2014 the MRRT Repeal and Other Measures Bill 2014 received Royal Assent. Following the enactment of this legislation the MRRT balances were derecognised (see Note 7).

(ii) Tax consolidation

The Company and its wholly-owned Australian resident controlled entities formed a tax-consolidated group with effect from 29 May 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Whitehaven Coal Limited.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within a consolidated group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(iii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables / (payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

3 Summary of significant accounting policies (cont.)

w) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expense. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

A number of the consolidated entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Mine rehabilitation

The consolidated entity assesses its mine rehabilitation provisions at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions at balance date represent management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expense. For closed mines, changes to estimated costs are recognised immediately in the statement of comprehensive income.

Exploration and evaluation expenditure

The application of the consolidated entity's accounting policy for exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of comprehensive income in the period when the new information becomes available.

4 Significant accounting judgements, estimates and assumptions (cont.)

Carrying value of assets

All mining assets are amortised over the shorter of the estimated remaining useful life or remaining mine life. For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and Fair Value less Costs of Disposal (“FVLCD”). These calculations require the use of estimates and assumptions. It is reasonably possible that the coal price assumption may change which may then impact our estimated life of mine determinant which could result in a material adjustment to the carrying value of tangible assets.

The consolidated entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and future coal prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure. The related carrying amounts are disclosed in note 19.

Mineral reserves and resources

The estimated quantities of economically recoverable Reserves and Resources are based upon interpretations of geological and geophysical models and require assumptions to be made requiring factors such as estimates of future operating performance, future capital requirements and short and long term coal prices. The consolidated entity is required to determine and report Reserves and Resources under the Australian Code for Reporting Mineral Resources and Ore Reserves December 2004 (the JORC Code). The JORC Code requires the use of reasonable investment assumptions to calculate reserves and resources. Changes in reported Reserves and Resources can impact the carrying value of property, plant and equipment, provision for rehabilitation as well as the amount charged for amortisation and depreciation.

Taxation

The consolidated entity's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

5 Financial risk management objectives and policies

Overview

The consolidated entity has exposure to the following risks from their use of financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the consolidated entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Management Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The consolidated entity defines capital as total shareholders' equity and debt. The Board monitors the capital structure on a regular basis including the gearing ratio and level of dividends paid to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by lower levels of borrowings.

There were no changes in the consolidated entity's approach to capital management during the year.

The Group's gearing ratio is calculated as net debt divided by total equity plus net debt.

In thousands of AUD ($'000)	**2015**	**2014**
Interest-bearing loans and borrowings	1,038,231	788,392
Less: cash and cash equivalents	(102,393)	(103,167)
Net debt	**935,838**	**685,225**
Equity	2,865,034	3,206,536
Equity and net debt	**3,800,872**	**3,891,761**
Gearing ratio	25%	18%

5 Financial risk management objectives and policies (cont.)

Risk exposures and responses

Foreign currency risk

The consolidated entity is exposed to currency risk on sales, purchases and demurrage that are denominated in a currency other than the respective functional currency of the consolidated entity, the Australian dollar (AUD).The currency in which these transactions primarily are denominated is US Dollars (USD).

The consolidated entity uses forward exchange contracts (FECs) to hedge its currency risk.

The Hedging Policy of the consolidated entity is to utilise forward exchange contracts to cover up to:

- 100% of contracted sales where both volume and US dollar price are fixed;
- 90% of contracted sales where volume is fixed but pricing is provisional;
- 80% of planned sales from existing operations over a 12 month period; and
- a maximum of 50% of planned sales from existing operations for between 12 and 24 months.

No cover is taken out beyond 24 months other than contracted sales where both volume and US dollar prices are fixed.

In respect of other monetary assets and liabilities denominated in foreign currencies, the consolidated entity ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when necessary to address short-term imbalances.

The consolidated entity classifies its forward exchange contracts as cash flow hedges and measures them at fair value.

The fair value of forward exchange contracts used as hedges at 30 June 2015 was $0.1 million (2014: nil), comprising assets and liabilities that were recognised as fair value derivatives.

At 30 June 2015, the consolidated entity had the following financial instruments that were not designated in cash flow hedges that were exposed to foreign currency risk:

In thousands of USD ($'000)	**2015**	**2014**
Cash	11,613	24,155
Trade and other receivables	42,486	27,380
Trade and other payables	(5,682)	(5,646)
Finance lease liabilities	-	(2,370)
Net statement of financial position exposure	48,417	43,519

Currency risk exposure arising from derivative financial instruments is disclosed in note 17.

The following exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
Fixed rate instruments	**2015**	**2014**	**2015**	**2014**
USD	0.8282	0.9187	0.7649	0.9420

5 Financial risk management objectives and policies (cont.)

Risk exposures and responses (cont.)

Foreign currency risk (cont.)

Sensitivity analysis

A 10 per cent strengthening of the Australian dollar against the following currencies at 30 June would have increased / (decreased) equity and pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Consolidated	
Effect in thousands of AUD ($'000)	**Equity**	**Profit or (loss)**
30 June 2015		
USD	-	(5,755)
30 June 2014		
USD	-	(4,200)

A 10 per cent weakening of the Australian dollar against the following currencies at 30 June would have increased/ (decreased) equity and pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Consolidated	
Effect in thousands of AUD ($'000)	**Equity**	**Profit or (loss)**
30 June 2015		
USD	-	7,033
30 June 2014		
USD	-	4,260

Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents, trade receivables, available for sale financial assets, derivative financial instruments and the granting of financial guarantees. The consolidated entity’s exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets, as outlined below.

Exposure to credit risk

The consolidated entity’s maximum exposure to credit risk at the reporting date was:

In thousands of AUD ($'000)		Carrying amount	
	Note	**2015**	**2014**
Cash and cash equivalents	*14*	102,393	103,167
Trade and other receivables	*15*	56,686	32,688
Derivative financial instruments	*17*	162	-
Investments	*18*	37	568
		159,278	136,423

The consolidated entity’s maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Asia	45,964	27,572
Europe	8,132	1,494
Australia	2,590	3,622
	56,686	32,688

5 Financial risk management objectives and policies (cont.)

Risk exposures and responses (cont.)

Trade receivables

The consolidated entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the consolidated entity's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 36.1% of the consolidated entity's revenue is attributable to sales transactions with three customers (2014: 45.9% with three customers).

More than 88% (2014: 60%) of the consolidated entity's current customers have been transacting with the consolidated entity for over five years, and losses have occurred infrequently.

The consolidated entity generally does not require collateral in respect of trade receivables.

The consolidated entity trades only with recognised, creditworthy third parties.

Receivable balances are monitored on an ongoing basis with the result that the consolidated entity's exposure to bad debts is not significant.

The consolidated entity recognised an impairment loss for trade receivables of $1,305,000 during the year ended 30 June 2015 (2014:$2,892,000).

Impairment losses

The aging of the consolidated entity's trade receivables at the reporting date was:

	Gross	**Impairment**	**Gross**	**Impairment**
In thousands of AUD ($'000)	**2015**	**2015**	**2014**	**2014**
Not past due	55,619	-	33,328	(1,634)
Past due 0-30 days	168	-	1,127	(1,053)
Past due 31-120 days	536	-	1,010	(205)
Past due 121 days to one year	-	-	104	-
More than one year	4,024	(3,661)	11	-
	60,347	(3,661)	35,580	(2,892)

The Company was advised in July 2014 that a domestic customer had been placed into voluntary administration. A provision was established to cover balances owed which are not expected to be recovered. Based on historic default rates, the consolidated entity believes that no additional impairment allowance is necessary in respect of trade receivables.

Guarantees

The policy of the consolidated entity is to provide financial guarantees for statutory bonding requirements associated with the mining operations and for construction of the rail upgrade and other purposes such as security of leased premises. Guarantees are provided under the A$1.4 billion Senior Secured Bank Facility. Details of outstanding guarantees are provided in note 29.

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

Typically, the consolidated entity ensures that it has sufficient cash on demand to meet all expected operational expenses as and when due, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

5 Financial risk management objectives and policies (cont.)

Risk exposures and responses (cont.)

Liquidity risk (cont.)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Consolidated 30 June 2015						
In thousands of AUD ($'000)	**Carrying amount**	**Contractual cash flows**	**6 mths or less**	**6-12 mths**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities							
Finance lease liabilities	96,997	113,685	10,203	10,203	20,405	72,874	-
Interest bearing liabilities	941,234	947,016	5,176	5,071	9,822	926,947	-
Trade and other payables	147,422	147,422	147,422	-	-	-	-
Forward exchange contracts:							
Outflow	25,166	103,788	103,788	-	-	-	-
Inflow	(25,268)	(104,230)	(104,230)	-	-	-	-
	1,185,551	1,207,681	162,359	15,274	30,227	999,821	-

	Consolidated 30 June 2014						
In thousands of AUD ($'000)	**Carrying amount**	**Contractual cash flows**	**6 mths or less**	**6-12 mths**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities							
Finance lease liabilities	113,911	138,057	14,436	18,519	17,544	87,558	-
Interest bearing liabilities	674,481	682,678	5,387	5,275	10,247	653,206	8,563
Trade and other payables	155,688	155,688	155,688	-	-	-	-
Forward exchange contracts:							
Outflow	-	-	-	-	-	-	-
Inflow	-	-	-	-	-	-	-
	944,080	976,423	175,511	23,794	27,791	740,764	8,563

5 Financial risk management objectives and policies (cont.)

Risk exposures and responses (cont.)

Interest rate risk

The consolidated entity's borrowings comprise both variable and fixed rate instruments. The variable rate borrowings expose the consolidated entity to a risk of changes in cash flows due to the changes in interest rates.

Management analyses interest rate exposure on an ongoing basis. The consolidated entity uses interest rate swaps to mitigate interest rate risk.

At the reporting date the interest rate profile of the consolidated entity's interest-bearing financial instruments was:

	Consolidated Carrying amount	
In thousands of AUD ($'000)	**2015**	**2014**
Fixed rate instruments		
Financial liabilities	(96,997)	(113,911)
	(96,997)	(113,911)
Variable rate instruments		
Financial assets	102,393	103,167
Financial liabilities	(941,234)	(674,481)
	(838,841)	(571,314)
Net exposure	(935,838)	(685,225)

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit or loss	
Effect in thousands of AUD ($'000)	**100bp Increase**	**100bp Decrease**
30 June 2015		
Variable rate instruments	(8,388)	8,388
Effect on loss before tax	(8,388)	8,388
30 June 2014		
Variable rate instruments	(5,713)	5,713
Effect on loss before tax	(5,713)	5,713

	Equity	
Effect in thousands of AUD ($'000)	**100bp Increase**	**100bp Decrease**
30 June 2015		
Variable rate instruments	877	(918)
Effect on equity before tax	877	(918)
30 June 2014		
Variable rate instruments	1,235	(1,300)
Effect on equity before tax	1,235	(1,300)

5 Financial risk management objectives and policies (cont.)

Risk exposures and responses (cont.)

Commodity price risk

The Group's major commodity price exposure is to the price of coal. The consolidated entity has chosen not to hedge against the movement in coal prices.

During the year the Group entered into commodity contracts to hedge fuel price risk.

Net Fair Values

The Group complies with AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

• Level 1 - measurements based upon quoted prices (unadjusted) in active markets for identical assets or liabilities,

• Level 2 - measurements based upon inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

• Level 3 - measurements based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group held the following financial instruments carried at fair value in the statement of financial position:

In thousands of AUD ($'000)	**30 June 2015**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Equity shares	37	-	-	37
Forward exchange contracts - receivable	162	-	162	-
Liabilities measured at fair value				
Forward exchange contracts - payable	(60)	-	(60)	-
Interest rate swaps - payable	(1,005)	-	(1,005)	-
Commodity swaps - payable	(1,071)	-	(1,071)	-

	30 June 2014	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Equity shares	568	531	-	37
Liabilities measured at fair value				
Interest rate swaps – payable	(466)	-	(466)	-

The fair value of derivative financial instruments is derived using valuation techniques based on observable market inputs, such as forward currency rates, at the end of the reporting period. The amounts disclosed in the statement of financial position are the fair values and are classified under level 2 in the fair value measurement hierarchy (refer note 17).

The fair value of the Group's investment in listed shares is classified under level 1 in the fair value measurement hierarchy (refer note 18).

The fair value of the Group's investment in unlisted shares is classified under level 3 in the fair value measurement hierarchy (refer note 18). The Group's holding in unlisted shares is minor and any reasonably possible change in assumptions would not have a material impact on the Group's financial statements.

The carrying values of financial assets and financial liabilities recorded in the financial statements materially approximates their respective net fair values, determined in accordance with the accounting policies disclosed in note 3 to the financial statements

5 Financial risk management objectives and policies (cont.)

Risk exposures and responses (cont.)

Financial assets and liabilities by categories

In thousands of AUD ($'000)

Consolidated Entity	Note	2015 Loans & receivables[1]	2015 Available for sale	2015 Other	2014 Loans & receivables[1]	2014 Available for sale	2014 Other
Financial assets							
Cash and cash equivalents	*14*	102,393	-	-	103,167	-	-
Trade and other receivables	*15*	125,228	-	-	99,934	-	-
Investments	*18*	-	-	37	-	531	37
Other financial assets[2]	*17*	-	-	162	-	-	-
Total financial assets		**227,621**	**-**	**199**	**203,101**	**531**	**37**
Financial liabilities							
Trade and other payables	*22*	147,422	-	-	155,688	-	-
Borrowings	*23*	1,038,231	-	-	788,392	-	-
Other financial liabilities[2]	*17*	-	-	2,136	-	-	466
Total financial liabilities		**1,185,653**	**-**	**2,136**	**944,080**	**-**	**466**

[1] Loans and receivables are non-derivatives with fixed or determinable payments and are not quoted on an active market. Loans and receivables are valued at amortised cost.

[2] Other financial assets include $0.2 million (2014: nil) relating to derivatives that qualified as being in a hedging relationship. Similarly, other financial liabilities include amounts of $2.1 million (2014: $0.5 million).

6 Segment reporting

a) Identification of reportable segments

The Group has identified its reportable segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group has determined that it has two reportable segments: Open Cut Operations and Underground Operations. Discrete financial information about each of these segments is reported to the executive management team on at least a monthly basis.

Unallocated includes coal trading, corporate, marketing and infrastructure functions which are managed on a group basis and are not allocated to reportable segments.

The following table represents revenue and profit information for reportable segments for the years ended 30 June 2015 and 30 June 2014. The Group’s financing (including finance costs and finance income), depreciation and income taxes are managed on a group basis and are not allocated to reportable segments.

6 Segment reporting (cont.)

In thousands of AUD ($'000)	Unallocated Operations[1]	Open Cut Operations	Underground Operations	Total
Year ended 30 Jun 2015				
Revenue				
Sales to external customers	(8,612)	365,809	406,093	763,290
Total segment revenue	(8,612)	365,809	406,093	763,290
Total revenue per statement of comprehensive income				**763,290**

	Unallocated Operations	Open Cut Operations	Underground Operations	Total
Result				
Segment result	(19,982)	36,694	113,538	130,250
Depreciation and amortisation				(97,584)
Income tax benefit				140,592
Significant items before income tax and financing *(see note 7)*				(447,253)
Loss on investments and asset disposals				(884)
Net interest expense				(67,846)
Net loss after tax per statement of comprehensive income				**(342,725)**
Capital expenditure				
Segment expenditure[2]	6,689	239,630	43,861	290,180

In thousands of AUD ($'000)	Unallocated Operations	Open Cut Operations	Underground Operations	Total
Year ended 30 Jun 2014				
Revenue				
Sales to external customers	29,940	402,144	323,322	755,406
Total segment revenue	29,940	402,144	323,322	755,406
Total revenue per statement of comprehensive income				**755,406**

	Unallocated Operations[1]	Open Cut Operations	Underground Operations	Total
Result				
Segment result	(30,605)	48,507	72,463	90,365
Depreciation and amortisation				(79,491)
Income tax benefit				17,949
Significant items before income tax *(see note 7)*				(14,259)
Loss on investments and asset disposals				(84)
Net interest expense				(52,865)
Net loss after tax per statement of comprehensive income				(**38,385**)
Capital expenditure				
Segment expenditure[2]	9,738	260,913	28,953	299,604

[1] Primarily relates to coal trading, contract discounts and foreign exchange gains/losses not allocated to segments

[2] Open Cut operations includes Maules Creek expenditure

6 Segment reporting (cont.)

Other segment information

Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographic location based on final shipping destination.

In thousands of AUD	**2015**	**2014**
Total segment revenue		
Japan	274,520	332,722
Korea	253,324	232,697
India	106,834	82,012
Other	57,555	28,390
Taiwan	50,890	19,976
China	14,957	43,667
Domestic	5,210	15,942
Total revenue	**763,290**	**755,406**

Total revenue by product		
Thermal	589,856	575,839
Metallurgical	168,224	163,625
Domestic	5,210	15,942
Total revenue	**763,290**	**755,406**

Major customers

The Group has three major customers which account for 36.1% (2014: 45.9%) of external revenue.

7 Significant items

The items below are significant to the understanding of the overall results of the consolidated group. The Company believes the disclosure of these items provides readers of the financial statements with further meaningful insights to understand the financial performance of the Group.

		Consolidated	
In thousands of AUD ($'000)	**Note**	**2015**	**2014**
Included within the balances presented on the face of the Consolidated Statement of Comprehensive Income:			
Operating expenses:			
Suspension of mining activities and office closures[1]		-	(5,473)
Restructuring costs[2]		(585)	(522)
		(585)	**(5,995)**
Impairment of exploration and related assets[5]		(354,652)	(2,340)
Impairment of MRRT goodwill[3]		(90,711)	-
Impairment of assets		**(445,363)**	**(2,340)**
Other expenses:			
Contract cancellation cost[4]		-	(2,521)
Administrative expenses:			
Separation costs[2]		-	(511)
Bad debt provisions[6]		(1,305)	(2,892)
		(1,305)	**(3,403)**
Financial expenses:			
Write-off of finance facility upfront costs	*23*	(23,093)	-
Significant items before tax		**(470,346)**	**(14,259)**
Applicable income tax (expense)/benefit		112,573	4,278
De-recognition of MRRT net deferred tax liability [3]		25,801	-
Tax benefit on refund of overpaid tax [7]		42,331	-
Franking deficit tax charge [7]		(42,331)	-
Significant items after tax		**(331,972)**	**(9,981)**

[1]During the prior year work was undertaken to remediate a spontaneous combustion incident at the Sunnyside mine and an additional provision was raised to cover ongoing care and maintenance costs.

[2] During the year the Group incurred redundancy costs as a result of a restructure of its workforce (2014: $0.5m). In the prior year separation costs were also incurred following the resignation of the former CFO ($0.5m).

[3] De-recognition of MRRT related deferred tax balances as a result of the enactment of legislation repealing the MRRT. This includes the MRRT goodwill that arose on the acquisition of Aston $53.2m (allocated to the open-cut segment), Boardwalk ($29.9m) and Coalworks ($7.6m) that were not allocated during the year ended 30 June 2012 as a result of the recognition of deferred taxes on the implementation of the MRRT legislation as part of the purchase price accounting. This MRRT goodwill, being an intangible asset was created upon the introduction of the MRRT. The carrying value of the MRRT goodwill has been reviewed in the current year following the enactment of legislation repealing the MRRT, and as a result was fully reversed, together with the associated deferred tax assets and liabilities initially recognised on introduction of the MRRT legislation.

[4] During the prior year the Group incurred costs in relation to the cancellation of an infrastructure sharing agreement.

[5] During the year ended 30 June 2015, an impairment charge of $355m was taken in respect of early stage exploration assets. The impairment charge reflects the recently changed coal market environment and prospects for early stage exploration assets and particularly assets that are higher in ash and lower in energy. This includes assets that would have been targeted towards customers in China. During the prior year the Group wrote off a number of small amounts of exploration and related expenditure.

[6] The Company was advised in July 2014 that a domestic customer had been placed into voluntary administration. A provision was established to cover balances owed which are not expected to be recovered.

[7] During the current year the company received a tax refund of $42.3m following conclusion of an outstanding tax matter resulting in a tax benefit being recognised in the income statement. As a result of the tax refund the company was required to pay franking deficit tax of $42.3m to rebalance its franking account, resulting in recognition of an income tax expense in the income statement. This amount was paid on 31 July 2015 and will remain as a credit available to the company to offset future tax liabilities.

In thousands of AUD ($'000)	Consolidated 2015	2014
8 Revenue		
Sale of Coal	763,290	755,406
9 Other income		
Equipment and other hire income	5,863	5,992
Rental income	1,365	1,473
Contract compensation income	-	924
Net foreign exchange gain	3,311	-
Sundry income	174	108
	10,713	**8,497**
10 Other expenses		
Contract cancellation costs[1]	-	2,521
Share based compensation payments	2,431	1,254
Loss on sale of non-current assets	353	792
	2,784	**4,567**

[1]During the prior year the Group incurred costs in relation to the cancellation of an infrastructure sharing agreement.

In thousands of AUD ($'000)	**Consolidated**	
	2015	**2014**

11 Personnel expenses

	2015	2014
Wages and salaries	91,892	87,720
Contributions to superannuation plans	6,662	6,352
Other associated personnel expenses	3,248	3,620
Increase in liability for annual leave	802	1,170
Increase / (decrease) in liability for long service leave	405	(232)
Share based compensation payments[1]	2,431	1,254
	105,440	**99,884**

[1] Disclosed in "Other expenses" in the Statement of Comprehensive Income.

12 Finance income and expense

	2015	2014
Recognised in profit or loss		
Interest income[1]	1,025	1,114
Interest on tax refund[1]	3,727	3,940
Dividend income	4	95
Unrealised gain on investments	-	708
Financial income	**4,756**	**5,857**
Interest expense on finance lease liabilities[1]	(8,002)	(9,170)
Interest on drawn debt facility[1]	(17,715)	(21,160)
Other interest charges[1]	(10,005)	(13,737)
Interest and financing costs	(35,722)	(44,067)
Write-off of finance facility upfront costs[1]	(23,093)	-
Unwinding of discounts on provisions[1]	(2,350)	(2,212)
Unrealised loss on investments	(531)	-
Amortisation of finance charges payable under debt facilities[1]	(11,433)	(11,640)
Net foreign exchange loss on finance leases	(31)	(95)
Financial expenses	**(73,160)**	**(58,014)**
Net financial expense	**(68,404)**	**(52,157)**
Recognised directly in equity		
Net change in cash flow hedges	(1,507)	4,351
Income tax effect	452	(1,305)
Financial (expense) / income recognised directly in equity, net of tax	**(1,055)**	**3,046**

[1]Included within net interest expense of $67,846,000 (2014: $52,865,000).

In thousands of AUD ('$000)	**Consolidated 2015**	**Consolidated 2014**

13 Income tax

a) Income tax (expense)/benefit

	2015	2014
Current income tax - corporate tax		
Current period	60,401	68,204
Adjustment for prior periods	(888)	(21)
	59,513	68,183
Deferred income tax – corporate tax		
Origination and reversal of temporary differences	55,278	(50,234)
De-recognition of MRRT net deferred tax liability	25,801	-
Income tax benefit reported in the statement of comprehensive income	140,592	17,949

Numerical reconciliation between tax expense recognised in the statement of comprehensive income and profit before tax

	2015	2014
Profit/(loss) before tax	(483,317)	(56,334)
Income tax benefit using the Company's domestic tax rate of 30% (2014: 30%)	144,995	16,900
Non-deductible expenses:		
Share based payments	(729)	(376)
Impairment of goodwill	(27,213)	-
Impairment of exploration assets	(28,668)	-
Other non-deductible expenses	(1,374)	(64)
De-recognition of MRRT net deferred tax liability	25,801	-
Recognition of tax losses	28,668	-
Tax benefit on refund of overpaid tax	42,331	-
Uplift on immediate deduction of exploration licence	-	7,729
Franking deficit tax liability	(42,331)	(6,219)
Over/(Underprovided) in prior periods	(888)	(21)
Total income tax benefit	140,592	17,949

b) Income tax recognised directly in equity

	2015	2014
Deferred income tax related to items charged/(credited) directly to equity		
Derivatives	452	(1,305)
Transaction costs on issue of share capital	1	1
Income tax expense recorded in equity	453	(1,304)

13 Income tax (continued)

c) Recognised tax assets and liabilities

In thousands of AUD ('$000)	Consolidated			
	2015 Current income tax	**2015 Deferred income tax**	**2014 Current income tax**	**2014 Deferred income tax**
Opening balance	(6,219)	(29,931)	(13,935)	(17,841)
Charged to income – corporate tax	59,513	55,279	68,183	(50,234)
Charged to equity	-	453	-	(1,304)
Recognition of deferred tax asset on current year losses	(59,513)	59,513	(66,673)	66,673
De-recognition of MRRT net deferred tax liability	-	25,801	-	-
Franking deficit tax payable	(42,331)	42,331	-	-
Tax benefit on refund of overpaid tax	-	(42,331)	-	-
Transfer between current and deferred tax	-	-	27,225	(27,225)
Payments/(receipts)	6,219	-	(21,019)	-
Closing balance	(42,331)	111,115	(6,219)	(29,931)
Tax expense in statement of comprehensive income:				
Charged to income		140,592		17,949
Charged to equity		453		(1,304)
Amounts recognised in the statement of financial position:				
Deferred tax asset (net)		111,115		-
Deferred tax liability (net)		-		(29,931)
		111,115		(29,931)

Deferred income tax assets and liabilities are attributable to the following:

In thousands of AUD ('$000)	Consolidated			
	Assets		**Liabilities**	
Corporate tax	**2015**	**2014**	**2015**	**2014**
Property, plant and equipment	-	-	(265,748)	(205,150)
Exploration and evaluation	16,435	-	-	(57,738)
Receivables	-	-	(499)	(375)
Derivatives	-	140	-	-
Investments	358	257	-	-
Deferred stripping	-	-	(5,186)	(5,004)
Deferred foreign exchange gain	-	1,352	(47)	-
Provisions	25,384	27,803	-	-
Tax losses	329,396	222,804	-	-
On MRRT	-	11,057	-	-
Other items	11,022	11,781	-	-
Tax assets/(liabilities)	382,595	275,194	(271,480)	(268,267)
Set off of tax (liabilities)/assets	(271,480)	(275,194)	271,480	275,194
Net tax assets/(liabilities)	111,115	-	-	6,927

13 Income tax (continued)

c) Recognised tax assets and liabilities

In thousands of AUD ('$000)	Consolidated			
	Assets		Liabilities	
	2015	2014	2015	2014
MRRT				
Property, plant and equipment	-	-	-	(68,443)
Exploration and evaluation	-	-	-	(57,845)
Losses and royalty credits	-	85,380	-	-
Other	-	4,050	-	-
Tax assets/(liabilities)	-	89,430	-	(126,288)
Set off of tax assets	-	(89,430)	-	89,430
Net tax assets/(liabilities)	-	-	-	(36,858)
Total net deferred tax asset/(liability)	111,115	-	-	(29,931)

d) *Unrecognised deferred tax assets*

Deferred tax assets have not been recognised in respect of the cost base available on disposal of the following items:

In thousands of AUD ('$000)	Consolidated	
	2015	2014
Corporate tax		
Tax losses	32,164	82,310
Tax credits	30,958	24,738
	63,122	107,048
MRRT		
MRRT assets not recognised	-	421,767
	-	421,767

e) Tax consolidation

The Company and its 100% owned Australian subsidiaries formed a tax consolidated group with effect from 29 May 2007. The consolidated tax group has entered into both a tax funding arrangement and a tax sharing agreement.

In thousands of AUD ($'000)

	Consolidated 2015	Consolidated 2014

14 Cash and cash equivalents

	2015	2014
Cash and cash equivalents	102,393	103,167

Cash at bank earns interest at floating rates based on daily bank deposit rates.

15 Trade and other receivables

	2015	2014
Current		
Trade receivables	56,686	32,688
Other trade receivables and prepayments	35,875	25,972
Receivables due from related parties	8,491	11,602
	101,052	70,262
Non-current		
Other trade receivables and prepayments	24,176	29,672

16 Inventories

	2015	2014
Coal stocks at lower of cost and net realisable value [1]	67,563	43,226
Consumables and stores	22,329	17,896
	89,892	61,122

[1]Coal stocks include run of mine and product coal.

17 Derivative financial instruments

	2015	2014
Current assets		
Forward exchange contracts - receivable	162	-
Current liabilities		
Forward exchange contracts - payable	60	-
Interest rate swaps - payable	1,005	466
Commodity swaps - payable	1,071	-
	2,136	466

Instruments used by the consolidated entity

Derivative financial instruments are used by the consolidated entity in the normal course of business in order to hedge exposure to fluctuations in foreign exchange and interest rates. During the year, the Group's hedges were fully effective, and therefore the ineffectiveness recognised in financial expenses in the income statement for the current year was $nil (2014: $nil, see Note 12).

Interest rate swaps – cash flow hedges

The Group has debt facilities subject to variable interest rates. In order to protect against interest rate movements and reduce the interest rate related volatility of the consolidated entity's financial expenses, the consolidated entity enters into interest rate swaps.

The cumulative effective portion of $874,000 (2014: $993,000) is reflected in other comprehensive income. The recycling of losses from the hedge reserve to the income statement for interest amounted to $335,000 (2014: $407,000), which has been recognised in financial expenses.

Commodity swaps – cash flow hedges

In order to protect against fuel price movements the Group entered into fuel price swaps during the year.

The cumulative effective portion of $9,010,000 (2014: $nil) is reflected in other comprehensive income. The recycling of losses from the hedge reserve to the income statement for fuel amounted to $7,939,000 (2014: $nil), which has been recognised in operating expenses.

17 Derivative financial instruments (cont.)

Instruments used by the consolidated entity (cont.)

Forward currency contracts – cash flow hedges

The consolidated entity undertakes sales in US dollars. In order to protect against exchange rate movements and reduce the foreign exchange rate related volatility of the consolidated entity's revenue, the consolidated entity enters into forward exchange contracts to sell US dollars in the future at stipulated exchange rates. Forward exchange contracts are entered for future sales undertaken in US dollars.

The contracts are timed to mature when funds for coal sales are forecast to be received. At 30 June 2015, the forward exchange contracts are designated as cash flow hedges and are expected to impact profit or loss in the periods specified below.

Forward exchange contracts

In thousands of AUD (except exchange rates)	**Fair value**	**Average exchange rates**	**Fair value**	**Average exchange rates**
Sell US dollars	**2015**	**2015**	**2014**	**2014**
Less than 6 months	102	0.7675	-	-
6 months to 1 year	-	-	-	-
	102	0.7675	-	-

The cumulative effective portion of $14,449,000 (2014: $2,432,000) is reflected in other comprehensive income. The recycling of losses from the hedge reserve to the income statement for sales amounted to $14,552,000 (2014: $2,505,000), which has been recognised in revenue.

In thousands of AUD ($'000)	**Consolidated**	
	2015	**2014**

18 Investments

Non-current investments		
Investment in unlisted shares	37	37
Investment in listed shares	-	531
	37	**568**

19 Property, plant and equipment

		Consolidated				
	Note	Freehold land	Plant and equipment	Leased plant and equipment	Mining property and development	Total
In thousands of AUD						
Cost						
Balance at 1 July 2013		127,817	513,701	112,152	2,830,798	3,584,468
Additions		26,505	41,975	-	446,716	515,196
Transfer to plant and equipment		-	(27,978)	31,595	(3,617)	-
Transfer from exploration and evaluation	*20*	-	-	-	49,754	49,754
Disposals		(10)	(1,549)	-	-	(1,559)
Balance at 30 June 2014		154,312	526,149	143,747	3,323,651	4,147,859
Balance at 1 July 2014		154,312	526,149	143,747	3,323,651	4,147,859
Additions		2,545	26,244	190	478,066	507,045
Transfer to plant and equipment		-	14,254	(14,254)	-	-
Transfer to exploration and evaluation	*20*	-	-	-	(28,581)	(28,581)
Disposals		-	(498)	-	-	(498)
Balance at 30 June 2015		156,857	566,149	129,683	3,773,136	4,625,825
Depreciation and impairment						
Balance at 1 July 2013		-	(118,362)	(40,766)	(293,718)	(452,846)
Depreciation charge for the year		-	(33,617)	(12,079)	(265,122)	(310,818)
Transfer to plant and equipment		-	(20,069)	20,069	-	-
Disposals		-	742	-	-	742
Balance at 30 June 2014		-	(171,306)	(32,776)	(558,840)	(762,922)
Balance at 1 July 2014		-	(171,306)	(32,776)	(558,840)	(762,922)
Depreciation charge for the year		-	(40,451)	(10,683)	(272,517)	(323,651)
Transfer from plant and equipment		-	(8,237)	8,237	-	-
Disposals		-	142	-	-	142
Impairment		-	(136)	-	(14)	(150)
Balance at 30 June 2015		-	(219,988)	(35,222)	(831,371)	(1,086,581)
Carrying amounts						
At 1 July 2013		127,817	395,339	71,386	2,537,080	3,131,622
At 30 June 2014		154,312	354,843	110,971	2,764,811	3,384,937
At 1 July 2014		154,312	354,843	110,971	2,764,811	3,384,937
At 30 June 2015		156,857	346,161	94,461	2,941,765	3,539,244

19 Property, plant and equipment (cont.)

Leased plant and machinery

The consolidated entity leases mining equipment under a number of finance lease agreements. At 30 June 2015, the consolidated entity's net carrying amount of leased plant and machinery was $94,461,000 (2014: $110,971,000).The leased equipment is pledged as security for the related finance lease liabilities. During the prior year the Group entered into sale and leaseback transactions resulting in the reclassification of items of equipment between property, plant and equipment and leased plant and equipment.

Impairment of non-current assets

The recoverable amount of the CGUs has been determined by the FVLCD method. The FVLCD for each CGU is determined based on the net present value of the future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs, including any expansion projects, and their eventual disposal. The cash flows have been estimated with reference to remaining reserves and resources along with assumptions in respect of coal prices, foreign exchange rates, stripping ratios, production rates and unit costs. These cash flows were discounted using a real pre-tax discount rate of 11%. The coal prices and foreign exchange rates applied for the first three years of the cash flow estimates are based on detailed financial budgets approved by senior management which included consideration of external sources such as analyst forecasts. Long term estimates are based on a consideration of third party analyst forecasts and management estimates in respect of long term incentive coal prices in the seaborne export coal market.

Costs of disposal are estimated based on the current market rate applied by advisors in respect of the disposal of mining assets.

20 Exploration and evaluation

In thousands of AUD ($'000)	**Consolidated**
Balance at 1 July 2013	574,459
Exploration and evaluation expenditure	3,049
Transfer to property, plant and equipment	(49,754)
Impairment	(840)
Balance at 30 June 2014	526,914
Exploration and evaluation expenditure	851
Transfer from property, plant and equipment	28,581
Impairment	(355,000)
Balance at 30 June 2015	201,346

Exploration and evaluation assets

The recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Exploration and evaluation assets include tenements granted by the Queensland State Government which are subject to periodic relinquishment requirements of up to 20% per year.

During the year ended 30 June 2015, an impairment charge of $355m was taken in respect of early stage exploration assets, which is not allocated to a segment. Exploration and evaluation assets are carried at their fair value less costs to dispose. This value represents the Group's view of these assets. The impairment charge reflects the recently changed coal market environment and prospects for early stage exploration assets.

21 Intangible assets

	Consolidated 2015	Consolidated 2014
Water access rights	8,577	8,577
Acquired haulage rights	1,300	1,300
Less: Accumulated amortisation	(1,160)	(1,007)
Rail access rights[1]	11,237	6,262
MRRT Goodwill[2]	-	90,711
	19,954	105,843

[1]As part of the agreement to cancel previously existing infrastructure sharing arrangements Whitehaven agreed to pay 10.1% of the construction cost of the shared portion of the Boggabri - Maules Creek rail spur. In return, Whitehaven receives access to rail tonnes on the joint rail spur.

[2] MRRT goodwill arose on the acquisition of Boardwalk, Aston and Coalworks during the year ended 30 June 2012 as a result of the recognition of deferred taxes on the implementation of the MRRT legislation as part of the purchase price accounting. This MRRT goodwill, being an intangible asset was created upon the introduction of the MRRT. The carrying value of the MRRT goodwill was reviewed in the current year following the enactment of legislation repealing the MRRT and as a result was fully reversed, together with the associated deferred tax assets and liabilities initially recognised on introduction of the MRRT legislation.

The carrying amounts of water access rights are reviewed at each balance date to determine whether there is any indication of impairment. When reviewing for indicators of impairment, the Group considers mining plans, project approvals and market values, among other factors.

Movement in intangibles

In thousands of AUD ($'000)	Consolidated: Water access rights	Contract related intangible	Rail access rights	MRRT Goodwill	Total
Balance at 1 July 2013	8,539	446	-	90,711	99,696
Additions during the year	38	-	6,262	-	6,300
Less: Amortisation charge	-	(153)	-	-	(153)
Balance at 30 June 2014	**8,577**	**293**	**6,262**	**90,711**	**105,843**
Balance at 1 July 2014	8,577	293	6,262	90,711	105,843
Additions during the year	-	-	4,975	-	4,975
Less: Amortisation charge	-	(153)	-	-	(153)
Less: MRRT goodwill impairment	-	-	-	(90,711)	(90,711)
Balance at 30 June 2015	**8,577**	**140**	**11,237**	**-**	**19,954**

22 Trade and other payables

In thousands of AUD ($'000)	Consolidated 2015	Consolidated 2014
Current		
Trade payables	46,935	49,500
Other payables and accruals	100,487	106,188
	147,422	155,688

In thousands of AUD ($'000)

23 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the consolidated entity's interest-bearing loans and borrowings.

	Consolidated 2015	Consolidated 2014
Current liabilities		
Finance lease liabilities	13,503	24,837
Secured loans	8,247	8,247
	21,750	33,084
Non-current liabilities		
Finance lease liabilities	83,494	89,074
Secured loans	932,987	666,234
	1,016,481	755,308
	1,038,231	788,392
Financing facilities		
Secured loans	1,241,234	1,049,481
Facilities utilised at reporting date		
Secured loans	941,234	674,481
Facilities not utilised at reporting date		
Secured loans	300,000	375,000

Financing facilities

On 26 March 2015 the Company entered into a $1.4 billion Senior Secured Bank Facility. The facility has a maturity date of July 2019 and provides Whitehaven with lines of credit up to A$1.4 billion comprising of A$1.2 billion revolving and term facility, and $0.2 billion guarantee facilities. This facility was used to replace the Company's $1.2 billion facility. As a result the Company wrote off $23.1 million of finance upfront costs relating to the $1.2 billion facility. During the current year an amount of $225 million was drawn down under the old facility. A further $900 million was drawn down under the new facility, of which $850 million was used to repay debt drawn on the old facility. Other loans of $8.3 million were repaid during the year. The security provided in relation to the facilities is a fixed and floating charge over the assets of the Group.

Finance lease facility

At 30 June 2015, the consolidated entity's lease liabilities are secured by the leased assets of $94,461,000 (2014: $110,971,000), as in the event of default, the leased assets revert to the lessor.

Finance lease liabilities

Finance lease liabilities of the consolidated entity are payable as follows:

In thousands of AUD

	Consolidated					
	Minimum lease payments 2015	Interest 2015	Principal 2015	Minimum lease payments 2014	Interest 2014	Principal 2014
Less than one year	20,405	6,902	13,503	32,955	8,118	24,837
Between one and five years	93,280	9,786	83,494	105,102	16,028	89,074
	113,685	16,688	96,997	138,057	24,146	113,911

In thousands of AUD ($'000)

24 Employee benefits

	Consolidated 2015	Consolidated 2014
Current		
Salaries and wages accrued	4,073	4,125
Liability for long service leave	274	(131)
Liability for annual leave	9,708	8,906
	14,055	12,900

25 Provisions

	Consolidated 2015	Consolidated 2014
Mine rehabilitation and closure	76,458	62,900
Take or pay	-	9,776
Other provisions	3,704	9,677
	80,162	82,353
Current	7,380	22,995
Non-current	72,782	59,358
	80,162	82,353

Movements in provision
In thousands of AUD ($'000)

	Mine rehabilitation and closure	Take or Pay	Other provisions
Balance at 1 July 2014	62,900	9,776	9,677
Provisions made during the period	11,748	-	-
Provisions used during the period	(540)	(10,246)	(1,040)
Provisions reversed during the period	-	-	(4,933)
Unwind of discount	2,350	470	-
Balance at 30 June 2015	76,458	-	3,704

Increases in the provision for rehabilitation were made during the year as a result of additional disturbance at several mines and a reassessment of the areas of disturbance and rehabilitation rates. Rehabilitation and mine closure expenditure is expected to occur over the life of the mining operations which ranges from 5 to 30 years. Refer to Note 3(r) for details on the nature of the obligation.

Other provisions include amounts recognised on acquisition of subsidiaries as part of the purchase price allocation and amounts for costs expected to be incurred for maintaining Sunnyside in care and maintenance.

26 Share capital and reserves

a) Share capital

In thousands of AUD ($'000)	Consolidated 2015	2014
Fully paid ordinary shares 1,026,045,885 (2014: 1,025,760,027)	3,146,147	3,146,300

b) Movements in shares on issue

Ordinary shares

	Consolidated 2015 No. of shares 000's	$000	2014 No. of shares 000's	$000
Beginning of the financial year	1,025,760	3,146,300	1,025,693	3,146,301
Share based payments	286	-	67	-
Shares purchased by share plan	-	(148)	-	-
Costs of shares issued, net of tax	-	(5)	-	(1)
	1,026,046	3,146,147	1,025,760	3,146,300

c) Terms and conditions of issued capital

Fully paid ordinary shares carry one vote per share, either in person or by proxy, at a meeting of the Company and carry the right to receive dividends as declared. In the event of a winding up of the Company, fully paid ordinary shares carry the right to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Under the terms of the acquisition of Boardwalk Resources Limited, 34,020,000 ordinary shares are subject to a restriction deed which removes their entitlement to vote, receive dividends as declared or participate in the proceeds from the sale of all surplus assets. These restrictions will be released on reaching certain milestones.

d) Hedge reserve

The hedging reserve comprises the effective portion of the cumulative change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

e) Share-based payment reserve

The share-based payment reserve is used to record the value of share based payments provided to director related entities and senior employees under share option and long term incentive plans. Refer to note 32 for further details of these plans.

f) Dividends

No dividends were paid during the year ended 30 June 2015 (2014: nil).

The directors resolved not to pay dividend for the year ended 30 June 2015.

Dividend franking account

There were no franking credits available to shareholders of Whitehaven Coal Limited for subsequent financial years (2014: nil).

27 Operating leases

Consolidated entity as lessee

The consolidated entity leases mining equipment, office equipment and office space under operating leases. The leases typically run for one to five years on commercial terms. None of the leases includes contingent rentals. The operating lease expenses recognised in profit or loss in the current year amounted to $1,378,000 (2014: $1,362,000).

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2015 are as follows:

In thousands of AUD ($'000)	**Consolidated**	
	2015	**2014**
Less than one year	23,254	905
Between one and five years	76,541	1,372
	99,795	**2,277**

28 Capital expenditure commitments

In thousands of AUD ($'000)	**Consolidated**	
Plant and equipment and intangibles	**2015**	**2014**
Contracted for but not provided for and payable:		
Within one year [1]	21,706	124,445

[1] There were no commitments for capital expenditure beyond one year.

29 Contingencies

Bank guarantees

In thousands of AUD ($'000)		**Consolidated**	
		2015	**2014**
The Group provided bank guarantees to:			
(i)	Government departments as a condition of continuation of mining and exploration licenses	49,375	67,132
(ii)	Rail capacity providers	30,027	23,492
(iii)	Port capacity providers	88,291	54,818
(iv)	Electricity network access supplier	26,200	8,950
(v)	Boggabri-Maules Creek Rail Spur	-	26,269
(vi)	Other	2,117	952
		196,010	181,613

Litigation

There is a number of legal and potential claims against the Group which have arisen in the ordinary course of business. As the Group believes that it has no liability for such matters, a provision has not been made for any potential adverse outcome. The Group will defend these claims and believes that any adverse outcome would not be material based on information currently available to the Group.

In thousands of AUD

30 Reconciliation of cash flows from operating activities

	Note	Consolidated 2015	Consolidated 2014
Loss for the period		(342,725)	(38,385)
Adjustments for:			
Depreciation		97,431	79,338
Amortisation		75,510	66,913
Write-off of finance facility upfront costs		23,093	-
Finance costs		7,387	12,723
Foreign exchange (gains) / losses unrealised		(5,023)	847
Unrealised loss / (gain) on investment		531	(708)
Unwinding of discounts on provisions		2,427	2,212
Share-based compensation payments	*32*	2,431	1,254
Write-off of assets[1]		444,668	4,803
Loss on sale of non-current assets	*10*	353	792
Operating profit before changes in working capital and provisions		**306,083**	**129,789**
Change in trade and other receivables		(22,694)	9,503
Change in inventories and deferred stripping		(2,983)	876
Change in trade and other payables		36,510	(41,915)
Change in provisions and employee benefits		938	7,285
Change in tax payable		36,111	(7,715)
Change in deferred taxes		(140,592)	10,783
Cash flows from operating activities		**213,373**	**108,606**

[1]This balance includes the impairment of the MRRT goodwill of $90.7m and exploration and related assets of $354.7m and partially offset by other net write-off and reversals totalling $0.7m.

31 Subsequent events

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

32 Share-based payments

a) Recognised share-based payment expenses

Employee expenses	**Consolidated**	
In thousands of AUD	**2015**	**2014**
Share options and performance rights – senior employees	2,431	1,254
	2,431	1,254

b) Types of share-based payment plans

Performance Right grant to CEO and senior employees (FY2014)

The Company issued 3,107,441 performance rights to the CEO and senior employees under the Company's medium and long term incentive programs in FY2014.The terms and conditions of the grant are as follows.

Performance Rights	Exercise Price	Number of instruments	Vesting conditions	Expiration date
- MTI	$0.00	633,717	30 June 2015	30 June 2015
- LTI tranche 1	$0.00	1,236,868	30 June 2016	30 June 2016
- LTI tranche 2	$0.00	1,236,856	30 June 2017	30 June 2017
		3,107,441		

The performance rights vest over the period 1 July 2013 to 30 June 2017 and are subject to a performance measure linked to relative total shareholder return (TSR). The performance measure compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group. The comparator group for the FY2014 grant comprises those entities within the ASX 100 Resources Index as at 1 July 2013.

The performance rights vest subject to achieving a total shareholder return ('TSR') as follows:

- TSR over vesting period above 75th percentile – 100% vest
- TSR over vesting period between 50th and 75th percentile – sliding scale of vesting between 35% and 100%
- TSR over vesting period equal to the 50th percentile – 35% vest
- TSR over vesting period below the 50th percentile – 0% vest

32 Share-based payments (cont.)

b) Types of share-based payment plans (cont.)

Performance Right grant to senior employees (FY2015)

The Company issued 4,800,501 performance rights to senior employees under the Company's medium and long term incentive programs in FY2015.The terms and conditions of the grant are as follows.

Performance Rights	Exercise Price	Number of instruments	Vesting conditions	Expiration date
- MTI	$0.00	1,225,363	30 June 2016	30 June 2016
- LTI tranche 1	$0.00	1,072,548	30 June 2017	30 June 2017
- LTI tranche 2	$0.00	1,072,533	30 June 2018	30 June 2018
- LTI tranche 3	$0.00	1,430,057	30 June 2017	30 June 2018
		4,800,501		

The MTI, LTI tranche 1 and LTI tranche 2 performance rights vest over the period 1 July 2014 to 30 June 2018 and are subject to a performance measure linked to relative total shareholder return (TSR). The performance measure compares the TSR performance of the Company with the TSR performance of a peer group of companies operating in the Australian resources sector.

The performance rights vest subject to achieving a total shareholder return ('TSR') as follows:

- TSR over vesting period above 75th percentile – 100% vest
- TSR over vesting period between 50th and 75th percentile – sliding scale of vesting between 35% and 100%
- TSR over vesting period equal to the 50th percentile – 35% vest
- TSR over vesting period below the 50th percentile – 0% vest

The LTI tranche 3 performance rights vest at 30 June 2017 and are subject to the Company achieving a defined cost per tonne target for FY2017. Due to the commercially sensitive nature of this hurdle, the exact target will not be disclosed as this stage. However, retrospective disclosure of outcomes against the target will be provided in the Remuneration Report for the year of vesting.

The performance rights vest subject to achieving a defined cost per tonne target as follows:

- Stretch cost achieved – 100% vest
- Cost between target and stretch achieved – sliding scale of vesting between 35% and 100%
- Target cost achieved – 35% vest
- Below target cost – 0% vest

To the extent that the cost target is achieved at 30 June 2017:

- 50% of the performance rights that vest will be immediately delivered in shares; and
- The remaining 50% will continue on foot, subject to a further one year service condition prior to being delivered in shares.

32 Share-based payments (cont.)

c) Movement in options and performance rights

The following table illustrates the number and weighted average exercise prices of, and movements in, options and performance rights during the year:

	Weighted average exercise price 2015	Number of options/rights 2015	Weighted average exercise price 2014	Number of options/rights 2014
Outstanding at beginning of period	$3.13	21,146,767	$3.62	18,264,731
Exercised during the period	$0.00	-	$0.00	-
Granted during the period	$0.00	4,830,468[1]	$0.00	3,107,441
Forfeited during the period	$0.00	(520,051)	$0.00	(225,405)
Lapsed during the period	$0.00	(939,382)	$0.00	-
Outstanding at 30 June	$2.70	24,517,802	$3.13	21,146,767
Exercisable at 30 June	$3.92	16,872,910	$3.92	16,872,910

[1]Includes 29,967 performance rights granted during the year under the FY2014 program.

The outstanding balance as at 30 June 2015 is represented by:

i) 8,619,278 options over ordinary shares having an exercise price of $3.15, exercisable until 17 August 2015

ii) 12,354 options over ordinary shares having an exercise price of $3.33, exercisable until 10 November 2015

iii) 8,241,278 options over ordinary shares having an exercise price of $4.73, exercisable until 17 August 2016

iv) 759,253 performance rights over ordinary shares having an exercise price of nil, exercisable between 23 September 2014 and 23 September 2016

v) 2,085,138 performance rights over ordinary shares having an exercise price of nil, exercisable between 30 June 2015 and 30 June 2017

vi) 4,800,501 performance rights over ordinary shares having an exercise price of nil, exercisable between 30 June 2016 and 30 June 2018

No share options were exercised during the year ended 30 June 2015 (2014: nil).

The weighted average remaining contractual life of share options and performance rights outstanding at 30 June 2015 is 0.96 years (2014: 1.69 years).

32 Share-based payments (cont.)

d) Option pricing models

The fair value of options granted is measured using a Black Scholes model.

The fair value of performance rights granted under the LTI program is measured using a Monte Carlo Simulation model incorporating the probability of the performance hurdles being met.

The following table lists the inputs to the models used for the years ended 30 June 2015 and 30 June 2014:

FY2015	**MTI**	**LTI**	**LTI**	**LTI**	**LTI**
Grant date	16 Jan 15	16 Jan 15	16 Jan 15	16 Jan 15	16 Jan 15
Vesting date	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 17	30 Jun 18
Fair value at grant date	$0.68	$0.71	$0.72	$1.17	$1.13
Share price	$1.190	$1.190	$1.190	$1.190	$1.190
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	40%	40%	40%	40%	40%
Performance Right life	2 years	3 years	4 years	3 years	4 years
Expected dividends	0%	0.8%	1.4%	0.8%	1.4%
Risk-free interest rate	2.2%	2.1%	2.1%	2.1%	2.1%

FY2014	**MTI**	**LTI**	**LTI**	**LTI**	**LTI**
Grant date	9 Oct 13	9 Oct 13	9 Oct 13	4 Nov 13	4 Nov 13
Vesting date	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 16	30 Jun 17
Fair value at grant date	$0.46	$0.61	$0.71	$0.33	$0.44
Share price	$1.825	$1.825	$1.825	$1.545	$1.545
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	35%	35%	35%	35%	35%
Performance Right life	2 years	3 years	4 years	3 years	4 years
Expected dividends	0.75%	1%	1.1%	1%	1.1%
Risk-free interest rate	2.7%	2.9%	3.2%	2.9%	3.2%

All shared-based payments are equity settled.

33 Related parties

Compensation to Executive KMP and Non-executive Directors of the Group	**Consolidated**	
In thousands of AUD	**2015**	**2014**
Short term employee benefits	8,273	6,881
Contributions to superannuation plans	249	342
Termination benefits	-	542
Share-based compensation payments	653	483
Total compensation	9,175	8,248

34 Consolidated entity's subsidiaries, associates and interests in joint operations

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed below.

	Country of incorporation	Ownership interest 2015	Ownership interest 2014
Parent entity			
Whitehaven Coal Limited	Australia		
Subsidiaries			
Whitehaven Coal Mining Limited	Australia	100%	100%
Namoi Mining Pty Ltd	Australia	100%	100%
Namoi Agriculture & Mining Pty Ltd	Australia	100%	100%
Betalpha Pty Ltd	Australia	100%	100%
Betalpha Unit Trust	Australia	100%	100%
Tarrawonga Coal Pty Ltd	Australia	100%	100%
Whitehaven Coal Holdings Pty Ltd	Australia	100%	100%
Whitehaven Coal Infrastructure Pty Ltd	Australia	100%	100%
Narrabri Coal Pty Ltd	Australia	100%	100%
Narrabri Coal Operations Pty Ltd	Australia	100%	100%
Narrabri Coal Sales Pty Ltd	Australia	100%	100%
Creek Resources Pty Ltd	Australia	100%	100%
Werris Creek Coal Sales Pty Ltd	Australia	100%	100%
Werris Creek Coal Pty Ltd	Australia	100%	100%
WC Contract Hauling Pty Ltd	Australia	100%	100%
Whitehaven Blackjack Pty Ltd	Australia	100%	100%
Whitehaven Project Pty Ltd	Australia	100%	100%
Whitehaven Employee Share Plan Pty Ltd	Australia	100%	100%
Aston Resources Limited	Australia	100%	100%
Aston Coal 2 Pty Ltd	Australia	100%	100%
Aston Coal 3 Pty Ltd	Australia	100%	100%
Maules Creek Coal Pty Ltd	Australia	100%	100%
Boardwalk Resources Limited	Australia	100%	100%
Boardwalk Coal Management Pty Ltd	Australia	100%	100%
Boardwalk Coal Marketing Pty Ltd	Australia	100%	100%
Boardwalk Sienna Pty Ltd	Australia	100%	100%
Boardwalk Monto Pty Ltd	Australia	100%	100%
Boardwalk Dingo Pty Ltd	Australia	100%	100%
Boardwalk Ferndale Pty Ltd	Australia	100%	100%
Coalworks Limited	Australia	100%	100%

34 Consolidated entity's subsidiaries, associates and interests in joint operations (cont.)

	Country of incorporation	Ownership interest 2015	2014
Subsidiaries (continued)			
Yarrawa Coal Pty Ltd	Australia	100%	100%
Loyal Coal Pty Ltd	Australia	92.5%	92.5%
Ferndale Coal Pty Ltd	Australia	92.5%	92.5%
Coalworks (Oaklands North) Pty Ltd	Australia	100%	100%
CWK Nominees Pty Ltd	Australia	100%	100%
Oaklands Land Pty Ltd	Australia	100%	100%
Coalworks (Vickery South) Pty Ltd	Australia	100%	100%
Coalworks Vickery South Operations Pty Ltd	Australia	100%	100%
Vickery South Marketing Pty Ltd	Australia	100%	100%
Vickery South Operations Pty Ltd	Australia	100%	100%
Vickery Pty Ltd	Australia	100%	100%

The consolidated financial statements include a share of the financial statements of the joint operations listed below.

	Country of incorporation	Ownership interest 2015	2014
Joint operations:			
Tarrawonga Coal Project Joint Venture		70%	70%
Narrabri Coal Joint Venture		70%	70%
Maules Creek Joint Venture		75%	75%
Dingo Joint Venture		70%	70%
Ferndale Joint Venture		94%	94%
Boggabri-Maules Creek Rail Spur Joint Venture		39%	39%
Tarrawonga Coal Sales Pty Ltd[1]	Australia	70%	70%
Maules Creek Marketing Pty Ltd[1]	Australia	75%	75%
Boggabri-Maules Creek Rail Pty Ltd[1]	Australia	39%	39%

[1]The joint operations above operate as the sales and marketing vehicles or manager of the related unincorporated joint operations and require joint consent from all joint venture partners on all significant management and financial decisions. As such the group recognises its share of assets, liabilities, revenues and expenses of the above entities as joint operations under AASB11.

34 Consolidated entity's subsidiaries, associates and interests in joint operations (cont.)

The consolidated entity has included its share of the above unincorporated joint operations' assets, liabilities, revenue and expenses in the consolidated financial statements. The amounts set out below are included in the 30 June 2015 consolidated financial statements under their respective categories.

In thousands of AUD ($'000)	2015	2014
Statement of comprehensive income		
Operating and administration expenses	209,852	228,270
Current assets		
Cash and cash equivalents	28,271	25,893
Trade and other receivables	21,328	6,887
Inventory	64,391	30,542
Total current assets	**113,990**	**63,322**
Non-current assets		
Property, plant and equipment	1,357,533	1,045,661
Exploration and evaluation	24,616	28,739
Intangible assets	4,257	4,257
Total non-current assets	**1,386,406**	**1,078,657**
Total assets	**1,500,396**	**1,141,979**
Current liabilities		
Trade and other payables	67,653	102,829
Provisions current	2,017	314
Total current liabilities	**69,670**	**103,143**
Non-current liabilities		
Provisions	33,389	19,737
Total non-current liabilities	**33,389**	**19,737**
Total liabilities	**103,059**	**122,880**
Guarantees		
The Joint Ventures provided bank guarantees to various parties	35,660	74,601
Capital expenditure commitments – Plant and equipment and intangibles		
Contracted but not provided for and payable:		
Within one year	21,483	123,651
One year or later and no later than five years	-	-
	21,483	**123,651**

35 Earnings / (loss) per share

Basic earnings / (loss) per share

The calculation of basic earnings/(loss) per share at 30 June 2015 is based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year calculated as follows:

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Profit / (loss) attributable to ordinary shareholders		
Net loss attributable to ordinary shareholders	(330,625)	(38,385)

	Consolidated	
	2015	**2014**
	000's	**000's**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	991,740	991,673
Effect of shares issued during the year	129	5
Weighted average number of ordinary shares at 30 June	**991,869**	**991,678**
Basic loss per share attributable to ordinary shareholders (cents)	**(33.3)**	**(3.9)**

Diluted earnings / (loss) per share

The calculation of diluted earnings/(loss) per share at 30 June 2015 is based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding adjusted for the diluting impact of potential equity instruments calculated as follows:

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Profit/(loss) attributable to ordinary shareholders (diluted)		
Net loss attributable to ordinary shareholders (diluted)	(330,625)	(38,385)

	Consolidated	
	2015	**2014**
	000's	**000's**
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	991,869	991,678
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted)	**991,869**	**991,678**
Diluted earnings per share attributable to ordinary shareholders (cents)	**(33.3)**	**(3.9)**

36 Auditors' Remuneration

	Consolidated	
In AUD ($)	**2015**	**2014**
Audit services:		
Auditors of the Company - Ernst & Young		
Audit and review of statutory financial statements current year	652,200	688,500
Audit of joint ventures	373,478	305,400
	1,025,678	**993,900**
Non audit services:		
Auditors of the Company - Ernst & Young		
Taxation services	126,962	-
Other non-audit services	65,000	149,253
Review of National Greenhouse Energy Reporting Act requirements	64,849	31,389
Assurance services for refinancing	299,134	-
Other assurance services	-	13,300
	555,945	**193,942**

37 Parent entity information

	Company	
In thousands of AUD ($'000)	**2015**	**2014**
Information relating to Whitehaven Coal Limited:		
Current assets	6,886	140,979
Total assets	**2,790,877**	**3,383,387**
Current liabilities	42,331	6,219
Total liabilities	**42,331**	**6,219**
Issued capital	3,275,296	3,275,299
Retained earnings	(564,384)	(38,617)
Share based payments reserve	37,634	72,625
Total shareholders' equity	**2,748,546**	**3,309,307**
Profit / (loss) of the parent entity	(563,186)	2,988
Total comprehensive income of the parent entity	(563,186)	2,988

38 Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001.If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Whitehaven Coal Mining Limited
- Namoi Mining Pty Ltd
- Betalpha Pty Ltd
- Tarrawonga Coal Pty Ltd
- Whitehaven Coal Holdings Pty Ltd
- Whitehaven Coal Infrastructure Pty Ltd
- Narrabri Coal Pty Ltd
- Narrabri Coal Operations Pty Ltd
- Narrabri Coal Sales Pty Ltd
- Creek Resources Pty Ltd
- Werris Creek Coal Sales Pty Ltd
- Werris Creek Coal Pty Ltd
- WC Contract Hauling Pty Ltd
- Whitehaven Blackjack Pty Ltd
- Whitehaven Employee Share Plan Pty Ltd
- Whitehaven Project Pty Ltd
- Aston Resources Limited
- Aston Coal 2 Pty Ltd
- Aston Coal 3 Pty Ltd
- Maules Creek Coal Pty Ltd
- Boardwalk Resources Limited
- Boardwalk Coal Management Pty Ltd
- Boardwalk Coal Marketing Pty Ltd
- Boardwalk Sienna Pty Ltd
- Boardwalk Monto Pty Ltd
- Boardwalk Dingo Pty Ltd
- Boardwalk Ferndale Pty Ltd
- Coalworks Limited
- Yarrawa Coal Pty Ltd
- Coalworks (Oaklands North) Pty Ltd
- CWK Nominees Pty Ltd
- Oaklands Land Pty Ltd
- Coalworks (Vickery South) Pty Ltd
- Coalworks Vickery South Operations Pty Ltd
- Vickery South Marketing Pty Ltd
- Vickery South Operations Pty Ltd
- Vickery Pty Ltd

The Company and each of the relevant subsidiaries entered into the deed on 27 June 2008 with subsequent assumption deeds entered into on 27 June 2012 and 25 June 2013.

The Deed of Cross Guarantee includes the Company and subsidiaries which are included within the statement of comprehensive income and statement of financial position of the consolidated entity.

38 Deed of Cross Guarantee (cont.)

The consolidated statement of comprehensive income and statement of financial position of the entities that are members of the Closed Group are as follows:

Statement of comprehensive income	**Closed group**	
In thousands of AUD ($'000)	**2015**	**2014**
(Loss) / profit before tax	(483,317)	(56,334)
Income tax benefit	140,592	17,949
(Loss) / profit before tax	**(342,725)**	**(38,385)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net movement on cash flow hedges	(1,507)	4,351
Income tax effect	452	(1,305)
Other comprehensive (loss) / income for the period, net of tax	**(1,055)**	**3,046**
Total comprehensive (loss) / income for the period, net of tax	**(343,780)**	**(35,339)**
Statement of financial position		
Assets		
Cash and cash equivalents	102,269	103,043
Trade and other receivables	103,404	72,614
Inventories	89,892	61,122
Derivative financial instruments	162	-
Total current assets	**295,727**	**236,779**
Trade and other receivables	24,176	29,672
Investments	37	568
Property, plant and equipment	3,538,947	3,384,640
Exploration and evaluation	197,191	522,759
Intangible assets	19,954	105,843
Deferred tax assets	111,115	-
Total non-current assets	**3,891,420**	**4,043,482**
Total assets	**4,187,147**	**4,280,261**
Liabilities		
Trade and other payables	147,421	155,687
Interest bearing loans and borrowings	21,750	33,084
Employee benefits	14,055	12,900
Current tax payable	42,331	6,219
Provisions	7,380	22,995
Derivative financial instruments	2,136	466
Total current liabilities	**235,073**	**231,351**
Non-current liabilities		
Interest bearing loans and borrowings	1,016,481	755,308
Deferred tax liabilities	-	29,931
Provisions	72,782	59,358
Total non-current liabilities	**1,089,263**	**844,597**
Total liabilities	**1,324,336**	**1,075,948**
Net assets	**2,862,811**	**3,204,313**

39 New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of new standards and interpretations effective as of 1 July 2014.

Several amendments apply for the first time in the current year. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The application of the standard did not have a material effect on the Group.

AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The application of the standard did not have a material effect on the Group.

AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle

This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:

- AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'
- AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137
- AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets
- AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts
- AASB 124 defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed

AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle

These improvements address the following items:

- AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132

39 New accounting standards and interpretations (cont.)

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2015 are outlined below:

AASB 9 Financial Instruments

AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are described below.

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
  - The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

The Group has not yet determined the potential impact of the amendments on the consolidated entity's financial report. This standard applies to annual reporting periods beginning on or after 1 January 2018

39 New accounting standards and interpretations (cont.)

(ii) Accounting Standards and Interpretations issued but not yet effective (cont.)

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, Part C

Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments. This standard applies to annual reporting periods beginning on or after 1 January 2015.

AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation

AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. This standard applies to annual reporting periods beginning on or after 1 January 2016.

AASB 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services).

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

This standard applies to annual reporting periods beginning on or after 1 January 2017 and early application is permitted. The Group is currently evaluating the impact of the new standard.

AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

39 New accounting standards and interpretations (cont.)

(ii) Accounting Standards and Interpretations issued but not yet effective (cont.)

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:

- a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and
- a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle

The subjects of the principal amendments to the Standards are set out below:

AASB 7 Financial Instruments: Disclosures:

- Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.
- Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.

AASB 119 Employee Benefits:

- Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

AASB 134 Interim Financial Reporting:

- Disclosure of information 'elsewhere in the interim financial report' -amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information. This standard applies to annual reporting periods beginning on or after 1 January 2016.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. This standard applies to annual reporting periods beginning on or after 1 January 2016.

Directors' declaration

In accordance with a resolution of the directors of Whitehaven Coal Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of Whitehaven Coal Limited are in accordance with the Corporations Act 2001, including:

> (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
>
> (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2015.

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 38 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

The Hon. Mark Vaile
Chairman
Sydney
13th August 2015

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Independent auditor's report to the members of Whitehaven Coal Limited

Report on the financial report

We have audited the accompanying financial report of Whitehaven Coal Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a. the financial report of Whitehaven Coal Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Whitehaven Coal Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Trent van Veen
Partner
Sydney
13 August 2015

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings

Substantial shareholders

The number of shares recorded as owned by substantial shareholders and their associates in the most recent substantial shareholder notices advised to the Company by these shareholders are set out below:

Shareholder	Percentage of capital held	Number of ordinary shares held	Date of substantial shareholder notice
Farallon Capital Management LLC	16.61%	170,414,721	19 June 2013
Fritz Kundrun*	12.09%	124,042,252	17 Oct 2014
Hans Mende*	11.13%	114,190,086	17 Oct 2014
AMCI Group*	8.40%	86,170,596	17 Oct 2014
Prudential PLC	8.00%	82,085,909	22 Oct 2014
Martua Sitorus	5.82%	59,673,423	20 June 2013
Manning & Napier Advisors LLC	6.04%	61,961,120	23 Jan 2015
Kerry Group Limited	5.00%	51,323,822	19 May 2014

* The holdings of Mr Kundrun and Mr Mende both include the 86,170,596 shares owned by AMCI Group.

Voting rights

Ordinary shares

Refer to note 26 in the financial statements

Options

There are no voting rights attached to the options.

Distribution of equity security holders

Category	Number of equity security holders
1 - 1,000	1,773
1,001 - 5,000	2,581
5,001 - 10,000	1,118
10,001 - 100,000	1,233
100,001 and over	124
	6,829

There are 5 holders of options over ordinary shares. Refer to note 32 in the financial statements.

The number of shareholders holding less than a marketable parcel of ordinary shares is 791.

Securities exchange

The Company is listed on the Australian Securities Exchange.

Other information

Whitehaven Coal Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

ASX additional information

Twenty largest shareholders (legal ownership)

Name	Number of ordinary shares held	Percentage of capital held
J P MORGAN NOMINEES AUSTRALIA LIMITED	193,894,454	18.90
CITICORP NOMINEES PTY LTD	172,489,065	16.81
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	168,450,924	16.42
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	126,318,839	12.31
NATIONAL NOMINEES LIMITED	119,655,325	11.66
AET SFS PTY LTD <BOARDWALK RES INV P/C>	26,678,979	2.60
RANAMOK PTY LTD <PLUMMER FAMILY A/C>	22,208,226	2.16
BNP PARIBAS NOMS PTY LTD <DRP>	20,483,068	2.00
HFTT PTY LTD <HAGGARTY FAMILY A/C>	20,018,869	1.95
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	15,106,876	1.47
UOB KAY HIAN (HONG KONG) LIMITED <CLIENTS A/C>	13,502,377	1.32
MR MICHAEL JACK QUILLEN <QUILLEN FAMILY A/C>	6,135,000	0.60
VESADE PTY LTD	5,795,052	0.56
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	5,002,750	0.49
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED GSCO ECA	4,409,572	0.43
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	3,710,737	0.36
ARGO INVESTMENTS LIMITED	3,656,652	0.36
INVIA CUSTODIAN PTY LIMITED <AJ & LM DAVIES FAMILY A/C>	3,500,000	0.34
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,276,217	0.32
WENDMAR PTY LIMITED <MARK VAILE FAMILY A/C>	2,524,635	0.25
	936,817,617	**91.31**

This information is current as at 7 August 2015

Glossary of terms and abbreviations

ARTC	Australian Rail Track Corporation
ASEAN	Association of Southeast Asian Nations
CHPP	Coal Handling Preparation Plant
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
FEC	Forward Exchange Contract
FOB	Free-on-Board
FVLCD	Fair Value Less Costs of Disposal
JORC	Joint Ore Resources Committee
KMP	Key Management Personnel
LTI	Long Term Incentive
LW	Longwall
MRRT	Minerals Resource Rent Tax
Mt	Million tonnes
MTI	Medium Term Incentive
Mtpa	Million tonnes per annum
NCIG	Newcastle Coal Infrastructure Group
PWCS	Port Waratah Coal Services
ROM	Run of Mine
STI	Short Term Incentive
t	Tonne
TAL	Tonne Axle Loads
TFR	Total Fixed Remuneration
TRIFR	Total Recordable Injury Frequency Rate
TSR	Total Shareholder Return