RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 30 JUNE 2013

Name of Entity	Whitehaven Coal Limited
ABN	68 124 425 396

	2013 $000	2012 $000	Movement
Revenue	**622,159**	**618,087**	+0.7%
Profit from ordinary activities after tax attributable to members – excluding significant items	**(60,676)**	**57,781**	-205.0%
Significant items net of tax	**(21,488)**	**4,758**	-551.6%
Net Profit for the period attributable to members	**(82,164)**	**62,539**	-231.4%
Earnings per share – basic (cents)	**(8.4)**	**10.9**	-177.1%
Earnings per share – diluted (cents)	**(8.4)**	**10.9**	-177.1%

Dividends	**Amount Per Security**	**Franked amount per security**
Current reporting period		
- Final dividend 2013	nil cents	n/a
- Interim dividend 2013	nil cents	n/a
Previous corresponding reporting period		
- Final dividend 2012	3.0 cents	100%
- Special dividend 2012	50.0 cents	100%
- Interim dividend 2012	nil cents	n/a
The Annual General Meeting will be held on – 04 November 2013		

Net Tangible Asset Backing	**2013**	2012
Net tangible assets per share	**3.1175**	3.3789

COMPLIANCE STATEMENT

This report is based on the audited financial statements of the Company and its controlled entities.

The Company has a formally constituted Audit Committee.

A Perrin
CFO & Joint Company Secretary

Date: 27 August 2013

Whitehaven Coal Limited
and its controlled entities

ABN 68 124 425 396

Annual Financial Report

For the year ended 30 June 2013

Contents

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 2013 and the auditor's report thereon.

1 OPERATING AND FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

- Operating EBITDA before significant items of $18.6 million for the financial year;
- Net loss after tax (NLAT), before significant items, of $60.7 million, down from a net profit after tax (NPAT) of $57.8 million in the previous financial year, reflecting
  - Significant lower average coal prices (AU$83.81/t in FY2013 versus AU$111.72/t in FY2012). The fall in prices was predominantly due to market weakness coupled with a significant amount of Narrabri thermal coal being sold at a price below the Newcastle benchmark;
  - Accounting impact of placing the Sunnyside Mine into care and maintenance;
  - Revised life of mine plans and reduced operating cost initiatives for Tarrawonga and Rocglen;
  - Impact of the Boggabri train derailment in the first half of the year;
  - Take or pay cost due to the delayed startup of Narrabri.
- Paid a fully franked final dividend of 3 cents per share in the first half of the year related to the previous year profits.
- Revenue from coal sales of $622.2 million (including purchased coal), up 0.7% from FY2012.
- Cash flow and financial position - $110.5 million cash available with net debt of $471.6 million compared to $513.6 million cash available and net cash of $24.2 million at 30 June 2012.

OPERATING HIGHLIGHTS

- Final approval obtained from both the NSW State Government and the Federal Government for the large scale and low cost Maules Creek project securing the company's future production growth.
- Whitehaven produced a record 9.07Mt ROM coal and 8.20Mt of saleable coal on a 100% basis in FY2013, an increase of 71% and 67% respectively.
- Commissioning of the Narrabri longwall proceeded successfully with the mine ramping up to produce 3.68Mt of ROM coal and 3.47Mt of saleable coal on a 100% basis during the year.
- The Narrabri team successfully completed the first longwall changeout a day ahead of schedule and the mine is now running at an annualised rate of 6.0 Mtpa.
- The expansion project at Werris Creek that increases production to 2.5Mtpa is on target for completion in the first half of FY2014.
- Equity ROM coal production increased significantly to 7.35Mtpa for the year compared to 4.66Mt the previous year despite the closure of the Sunnyside open cut.
- Whitehaven completed the acquisitions of Coalworks Limited and Itochu's minority interest in the Vickery South project which gives the Company 100% ownership of the project.
- Cost-cutting initiatives continue to deliver benefits flowing through from:
  - Revised mine plan with lower stripping ratios at Tarrawonga and Rocglen;
  - Reduced the number of contractors, employees and hired equipment at Tarrawonga and Rocglen; and
  - Placed the Sunnyside open cut mine in care and maintenance.

OVERVIEW

Whitehaven is positioning itself as a company with high quality long life assets, a strong growth profile and low cost mines readily able to provide quality coal to Asian based power and steel industries.

The past year has witnessed the combination of assets from the merger of Whitehaven and Aston, the engagement of an able and experienced management team to lead the company through its strong growth phase, the ramp up of the large Narrabri underground mine, a review of current mining operations to ensure they remain competitive in the current market environment and obtaining various Government approvals for the Maules Creek Project.

Production growth emerged with equity saleable production increasing by a significant 55% to 6.63Mt for the year - the first step in a strong growth phase to occur over the next three years.

The company's safety performance continued to improve over the year with the new Narrabri Mine leading the way with an outstanding performance in its first year of longwall production.

The long and extended approval process for the Maules Creek Project was finally completed with all the required approvals obtained from both the NSW State and Australian Federal Governments. Commencement of construction is now awaiting the completion of final negotiations and consultation with local indigenous groups and the outcome of a Federal Court challenge relating to the Minister's approval of the project.

Following the successful acquisition of the remaining interest in the Vickery South project during the year Whitehaven is currently examining studying the enlarged project area to optimise potential resources and have commenced the approvals process.

Whitehaven responded to the current weak market environment by limiting spending on the remainder of its growth projects.

RISK FACTORS

Whitehaven operates in the coal sector. There are a number of 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:

OPERATING RISKS

The Company's coal mining operations will be 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 mine, delay coal deliveries or increase the cost of mining for a varying length 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.

DEVELOPMENT RISKS

There is a risk that circumstances (including unforeseen circumstances) may cause a delay to project development, exploration milestones or other operating factors, resulting in the receipt of revenue at a later date 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.

In relation to the construction of the Maules Creek project, the currently envisaged timeframe or cost may be exceeded for a variety of reasons outside of the control of Whitehaven. These may include delays in the construction of mine infrastructure. The contractual terms for the procurement and delivery of various components necessary for the planned development of Maules Creek are yet to be established. There are many milestones which need to be met in a timely fashion for production to commence and there is a risk that circumstances (including unforeseen circumstances) may cause delay, resulting in the receipt of revenue at a later date than expected.

FINANCING RISKS

Whitehaven believes it has sufficient undrawn credit from its existing debt facilities to meet its capital expenditure commitments for the development of Maules Creek based upon its existing development timeline and expected generation of coal sales at the beginning of CY2015. If the Maules Creek development timeline is extended due to circumstances beyond Whitehaven's control then additional funding alternatives may need to be explored depending on operating cash flows from its existing mines and the ability to defer development capital expenditure on the project.

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.

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.

FINANCIAL PERFORMANCE

Gross revenue generated for FY2013 was $622.2 million, up 0.7% on the previous year. Sales were impacted by falling world coal prices for both thermal and metallurgical coal.

Net loss after tax was $82.2 million for FY2013 compared to the previous year of a net profit after tax of $62.5 million.

Whitehaven's balance sheet remains strong. Cash on hand at FY2013 year-end was $110.5 million available with net debt of $471.6 million compared to $513.6 million cash on hand and net cash of $24.2 million at 30 June 2012.

Cash outflow from operations was $16.2 million for the year compared to a cash inflow of $2.5 million for FY2012 as a result of general working capital movements.

Existing unutilised debt facilities at FY2013 year end are sufficient to meet Maules Creek capital expenditure commitments based upon the projected mine development timeline which has coal sales being generated from first quarter CY2015.

	FY2013 $`M	FY2012 $`M	Movement
Revenue	**622.2**	**618.1**	+0.7%
Net profit/(loss) for the period attributable to members	**(82.2)**	**62.5**	-231.4%
Add back: Significant items after tax (refer to note 7)	**21.5**	**(4.7)**	+551.6%
Net profit/(loss) before significant items	**(60.7)**	**57.8**	-205.0%
Profit/(loss) before net financing expense	**(69.6)**	**26.0**	-367.6%
Add back: Depreciation and amortisation	**58.5**	**39.7**	+47.4%
Operating EBITDA	**(11.1)**	**65.7**	-116.9%
Add back: Significant items before net of financing expense (refer to note 7)	**29.7**	**83.5**	-64.4%
Operating EBITDA before significant items	**18.6**	**149.2**	-87.5%

	FY2013 $`M	FY2012 $`M
Cash on Hand	**110.5**	513.6
Interest Cover Ratio (times) [1]	**(1.14)**	6.86
Interest Bearing Liabilities	**582.1**	489.4
Net (Debt) / Cash Position	**(471.6)**	24.2
Net Assets	**3,297.3**	3,424.3
Gearing Ratio [2]	**12.5%**	0%

[1] *EBIT before significant items to Interest Expense excluding FX in financing expense, losses on ineffective hedges and unwind of provision discounting*

[2] *Net Debt to Net Debt plus Equity*

SAFETY

Whitehaven is committed to protecting workers from injury or illness while working at any of our operations, construction projects or exploration areas. We take this commitment seriously and expect those working for us to share the same level of commitment. Whitehaven aims to:

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

These objectives have been communicated to our workers in the form of the Whitehaven Coal Health, Safety and Environment (HSE) Policy approved by the Managing Director. The objectives detailed in the Whitehaven HSE Policy have been depicted in our 3 yearly Health and Safety Strategic Plan and our annual Health and Safety schedule renewed at the commencement of 2013.

Health and Safety Performance is overseen by the Whitehaven Board's Health, Safety, Environment and Community Committee. The primary function of this committee is to assist the Whitehaven Board in enabling the company to operate its business safely, responsibly and sustainably.

Whitehaven's Health and Safety performance measures include all our employees and contractors conducting work at our mining, construction and exploration areas. Over the previous 3 years we have continued to reduce our total recordable injury frequency rate. Total recordable injuries include lost time injuries, restricted work day injuries and medical treatment injuries as per the definitions detailed in the AS1885 and the relevant NSW Health and Safety legislation.

From FY2011 to FY2012 we reduced our lost time injury frequency rate from 7.13 to 4.17, although in 2013 this increased slightly to 4.63.

Underground operations improved Health and Safety performance both in regards to lost time and total recordable injuries. The TRIFR reduced to 22.36 in FY2013 from 34.61 in FY2012. The LTIFR reduced to 0.86 from 6.29 with only one lost time injury recorded in the reporting period.

Open cut operations continued to work on improving safety performance, although in FY2013 results for LTIFR and TRIFR trended up.

A key positive performance measure for Whitehaven is the number of safety observations conducted at operation, construction or exploration areas. Late in 2011 Whitehaven introduced the behavioural safety observation process, with a steady uptake in 2012. From 2012 to 2013 safety observations were a key focus for Whitehaven with a marked improvement achieved in the number of observations completed, increasing from 758 to 6,070.

OPERATING PERFORMANCE

Consolidated Equity Production and Sales (Equity Share)

Whitehaven Total - 000t	**2013**	2012	Movement
ROM Coal Production	**7,352**	4,657	+58%
Saleable Coal Production	**6,630**	4,275	+55%
Sales of Produced Coal	**6,441**	4,289	+50%
Sales of Purchased Coal	**982**	1,243	-21%
Total Coal Sales	**7,423**	5,532	+34%
Coal Stocks at Period End	**841**	478	+76%

GUNNEDAH OPERATIONS

Ownership: Tarrawonga - Whitehaven 70% and Operator and Idemitsu 30%; Rocglen - Whitehaven 100% and Sunnyside – Whitehaven 100%; Gunnedah CHPP – Whitehaven 100%.

The Gunnedah operations include the Tarrawonga, Rocglen and Sunnyside open cut mines and the Gunnedah coal handling and preparation plant (CHPP) and train load out facility.

Operations at the Gunnedah open cuts have progressed through a number of changes during the year. In the first instance a review of the Sunnyside open cut resulted in placing the mine into care and maintenance as the high cost mine was not profitable in the current coal price environment. The decision resulted in several contract positions being made redundant. All Whitehaven employees were offered roles at the other group mines. Production of 0.4Mtpa ROM coal from Sunnyside Mine has been made up by increased production from the Werris Creek Mine leaving overall output by the company unchanged.

An application was lodged early in the year with both the New South Wales State (NSW) Government and the Federal Government seeking approval to increase production from 2.0Mtpa to 3.0Mtpa and extend the mine life from 2017 to 2030 at the Tarrawonga open cut. The project was approved by the NSW Planning and Assessment Commission (PAC) in January which was followed later in the year by Federal Government approval. The project is now approved to mine a total of 50.5Mt of coal in the period up until 2030.

In response to the current coal market conditions a detailed review of both the Rocglen and Tarrawonga open cuts was carried out in the second half of the year. As a consequence, the mine plans at both open cuts are being revised to reflect the reduced strip ratio. Therefore the number of trucks required for overburden removal has been reduced by four and several positions were made redundant. This will result in lower costs for both of the mines. In the short term production will be maintained at about 3.5Mtpa ROM coal from both open cuts.

Gunnedah Operations (Equity Share)

Gunnedah Operations – 000t	**2013**	2012	Movement
ROM Coal Production	**3,099**	3,129	-1%
Saleable Coal Production	**2,656**	2,662	0%
Sales of Produced Coal	**2,601**	2,621	-1%
Sales of Purchased Coal	**982**	1,243	-21%
Total Coal Sales	**3,583**	3,865	-7%
Coal Stocks at Period End	**379**	342	+11%

WERRIS CREEK MINE

Ownership: Whitehaven 100%

The Werris Creek Mine performed strongly for the year with ROM coal production increasing by 32% to 1.68Mt and saleable coal production increasing by 15% to 1.55Mt. The increase was due to the introduction of a larger excavator and trucks to the mine as production was increased to compensate for the closure of the Sunnyside mine.

Approvals were obtained from the NSW State Government allowing for the increase of ROM coal production to 2.5Mtpa from the previous level of 2.0Mtpa. As part of the expansion project the mine infrastructure is being relocated and the rail loading facilities are being upgraded with the work expected to be completed in the September quarter of 2013.

A recently completed assessment of the project, incorporating new geological information along with more detailed analysis of old underground mining data, has revealed some deterioration of the quality and recoverability of the coal. This has resulted in a reduction in the Reserves that will be produced from the project for the balance of its life. As the mine remains one of Whitehaven's lowest cost mines it has been decided to blend higher quality coal from the other mines with some of the coal produced at Werris Creek to improve its saleability and pricing in the current market.

Werris Creek Mine (Equity Share)

Werris Creek Mine – 000t	**2013**	2012	Movement
ROM Coal Production	**1,677**	1,274	+32%
Saleable Coal Production	**1,547**	1,343	+15%
Sales of Produced Coal	**1,510**	1,407	+7%
Sales of Purchased Coal	**-**	-	-
Total Coal Sales	**1,510**	1,407	+7%
Coal Stocks at Period End	**323**	117	+176%

NARRABRI MINE

Ownership: Whitehaven 70% and Operator; ElectricPower Development Co. Ltd 7.5%; EDF Trading 7.5%; Upper Horn Investments Limited 7.5%; Daewoo International Corporation and Korea Resources Corporation 7.5%.

The Narrabri Mine ramped up output in line with schedule during FY2013 with production reaching an annualised rate of 5.2Mt on a 100% basis for the March 2013 quarter. The targeted production of 6.0Mtpa (100% basis) is within reach and should be achieved as the mine settles into steady state production.

A number of technical issues were overcome during the year, as is usual in the startup of a large underground longwall mine. Importantly the longwall completed the first panel in June and successfully achieved the six week schedule to move the equipment into the second panel of the mine. Key technical risks associated with gas drainage and roof caving have been dealt with appropriately and will become normal operating practices at the mine.

On 28 November 2012 a train carrying Narrabri's coal derailed near Boggabri, damaging a section of line and making the rail line impassable. The Australian Rail Track Corporation (ARTC) undertook extensive emergency repairs to the line and it was re-opened on December 20th. While stockpile capacity was extended at the mine, full capacity was reached during the rail closure period and longwall production ceased. Longwall production recommenced on 28 December 2012. Unutilised take or pay commitments for port and rail due to the derailment were in excess of $2.5 million.

Underground roadway development for the second panel was completed well in advance of the longwall move in June 2013. This has allowed the number of continuous miners required at the mine to fall from four units to three units bringing the added benefit of lower costs. Roadway development for the third panel is already nearly completed several months in advance of the longwall move currently scheduled for February 2014.

The site's workforce now consists almost entirely of Whitehaven employees who live in the local region. This is an important outcome for the mine and company as Whitehaven endeavours to employ locally where possible. Specialist contractors will continue to be employed when required at the mine.

The CHPP struggled throughout the year to reach its design capacity of 1,000tph however, by the end of the period it was operating consistently in the range of 900tph to 1,000tph. The original bypass equipment used for the early development phase of the mine has been recommissioned. The circuit has a capacity of 1,000tph and will reduce the amount of coal that has to be washed which in turn will reduce overall moisture levels in the thermal product. An added benefit is that processing costs will decline as less coal has to be washed in the future. The current products from the mine are 0.65Mtpa of PCI coal with the balance thermal coal.

High moisture in the thermal coal product produced by the CHPP during FY2013 reduced the energy level in the coal and resulted in an achieved sales price below the Newcastle benchmark price. However in early FY2014, following the startup of the by-pass circuit, which effectively places crushed ROM coal directly onto the product stockpiles, a blended coal product has been produced at the mine. The thermal coal product consists of a mix of by-pass coal and washed thermal coal from the CHPP. The blended product meets the Newcastle benchmark specifications enabling the thermal coal produced at Narrabri to achieve Newcastle benchmark prices in the future.

It is anticipated through further test work to refine the blend by using less by-pass coal in the thermal coal product that more PCI coal can be produced from the mine in the future. This outcome will be positive for both margins and the profitability of the mine. Several customers have already provided indications that they would like to purchase more PCI coal from the mine in the future.

Narrabri Mine (Equity Share)

Narrabri Mine – 000t	**2013**	2012	Movement
ROM Coal Production	**2,575**	254	+915%
Saleable Coal Production	**2,426**	270	+799%
Sales of Produced Coal	**2,330**	261	+794%
Sales of Purchased Coal	**-**	-	-
Total Coal Sales	**2,330**	261	+794%
Coal Stocks at Period End	**139**	18	+660%

DEVELOPMENT PROJECTS

MAULES CREEK

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

The Maules Creek Coal Project located in the Gunnedah Basin is a large open cut mining operation with an expected life of over 30 years. ROM coal production rate will be about 13Mtpa. The products from the mine will include a semi soft coking coal and premium low ash thermal coal.

NSW Government approval was granted on 25 October 2012 with Federal Government conditional approval granted on 11 February 2013. This was followed with a final approval of approval conditions to allow for construction to commence by the Federal Government on 4 July 2013.

Subsequent to balance date, a group represented by the taxpayer funded Environmental Defenders Office commenced proceedings in the Federal Court against the Federal Minister for the Environment and the Company challenging the validity of the approval granted by the Federal Minister for the Company's Maules Creek Project.

The Application filed with the Federal Court contends that the Minister committed errors of law in granting the approval on 11 February 2013. In this litigation, the Federal Court has jurisdiction to determine whether the Federal Minister committed an error of law in granting the approval.

A hearing date has been scheduled for mid September 2013 and is expected to take three days. The judgement is likely to be handed down about a month after the hearing.

Capital expenditure to first coal remains as advised at approximately $767 million (100% basis) with about $170 million already spent. The remaining $597 million will be incurred over the next one to two years with Whitehaven's share 75% of the total. The project is fully funded with the refinancing conducted in December 2012.

Maules Creek is expected to have average whole of life FOB cash operating costs of approximately A$67/t (excluding royalties) which is a very competitive operating cost structure, largely driven by Maules Creek's relatively low overburden stripping ratio of 6.4 bcm per tonne of ROM coal. The low FOB cash cost, combined with a low development capital cost per annual tonne of capacity and the high value of the saleable coal, confirms the strong economics and substantial value of this project.

Existing unutilised debt facilities at 30 June 2013 are expected to be sufficient to meet Maules Creek capital expenditure commitments based upon the projected mine development timeline. However, final timing will be dependent upon the start-up of construction.

VICKERY

Ownership: Whitehaven 100%

Following the acquisition of Coalworks, completed in August 2012, and the subsequent acquisition of Itochu Corporation's interest in the Vickery South coal project, Whitehaven owns 100% of the Vickery South coal project along with the Vickery project. At some point in the future Whitehaven could consider the potential of introducing joint venture partners to the project similar the Narrabri and Maules Creek joint venture arrangements.

The enlarged project area presents Whitehaven with the opportunity to combine the Vickery Project and the Vickery South coal project into one large project, subject to relevant approvals processes. The combined Resource for both project areas is 507.6Mt (148.1Mt Measured, 183.5Mt Indicated and 176.0Mt Inferred). The Marketable Reserve for the consolidated Vickery project is 180.0Mt (all of which is Probable Category).

Initial mine planning on the Vickery project has generated an open cut design which produces 164 Mt of ROM coal at a stripping ratio of 10:1. Vickery could produce about 4.5 Mtpa ROM for more than 30 years at an average strip ratio of approximately 10:1. Another key advantage for the project is the potential to use the Gunnedah CHPP for washing coal. This would significantly reduce the capital investment required for the mine. Products would be similar to Maules Creek as the same coal seams are being mined at Vickery and include a semi soft coking coal and thermal coal.

The Vickery Project Preliminary Environmental Assessment was lodged with the NSW Department of Planning and Infrastructure (DP&I) in November 2011 and the Environmental Impact Statement was placed on public display from 5 March 2013 to 12 April 2013.

Whitehaven has reviewed the submissions made during the exhibition period and issued a Response to Submissions to the DP&I. A number of additional submissions were made after the formal close of the exhibition period leading Whitehaven to prepare and submit an additional Response to Submissions on 17 July 2013. The current timetable would indicate a determination is likely in the first quarter of CY2014.

OTHER PROJECTS

Whitehaven has interests in a number of other coal exploration projects, including Ferndale, Dingo, Sienna, Monto, Ashford and Oaklands North. Spending in FY2013 has been incurred on exploration drilling to maintain the assets in good standing with Government authorities and is expected to be similar in FY2014.

INFRASTRUCTURE

Whitehaven currently uses both the Port Waratah Coal Services (PWCS) coal terminal and the NCIG coal terminal at the port of Newcastle, NSW to load its coal for export to the Asian region. Both of these coal terminals are world class facilities and are used by many other coal producers in the Hunter valley and surrounding coal basins.

Whitehaven has an equity interest in NCIG that entitles the Company to about 6.0Mtpa capacity at the port when it is operating at its full capacity of 66Mtpa. The NCIG terminal completed its final 2F expansion in June 2013 which has lifted its throughput capacity to 66Mtpa.

The Company currently has a rolling ten year contract with PWCS that provides the Company with 5.3Mtpa until CY2015. From CY2015 Whitehaven rolling ten year contracted volume at PWCS increases to 12.8Mtpa. In addition, Whitehaven had acquired a total of 16.4 Mt of port allocation spread between May 2012 and June 2016. These tonnes were to be used for the production from the new Narrabri and Maules Creek Mines in the Gunnedah Basin. However due to delays in the approval process for both of the mines the Company had excess port allocation in FY2013 and expects to have excess allocation in FY2014.

The cost of take or pay obligations in FY2013 caused an increase in production costs across the Company of about $3/t on an FOB basis. Recent reduction in port costs at both PWCS and NCIG are likely to save Whitehaven about $16 million in take or pay costs in FY2014 representing about $8 million saving at each port.

Rail haulage contracts are currently in place for a total of 9.5Mtpa and Whitehaven has entered into a long term haulage contract with Aurizon for a total of up to 16Mtpa to be increased in line with requirements as projects come on stream.

A trial to test 30 tonne axle load locomotives on the Gunnedah rail line commenced on 1 August 2013. Initial results of the trial are positive and it is envisaged that full 30 tonne axle load operations will commence in 2015 and train sizes will increase from 6,300 tonnes to about 8,000 tonnes resulting in a cost reduction on a $/t basis for coal hauled in those larger trains.

Below rail contracts with ARTC are in place to match the port and rail haulage contracts.

CORPORATE

Whitehaven is committed to improving efficiencies through the Stage 2 Operational Review with a key focus on reducing mine operating costs, overheads and extracting operational efficiencies in the face of continuing low coal prices and the high Australian dollar.

As part of Stage 2 of the operations review, the company will undertake a restructure to move its finance and administration to a shared service function over coming months to improve process and streamline efficiency.

The Group integration of Whitehaven, Aston and Boardwalk remains on track to realise the synergies as outlined in the Scheme Booklet at the time of the merger. The company has recently implemented a group procurement function to target reductions in costs in key areas of expenditure including tyres, fuel, explosives, electricity, road haulage services and corporate costs.

Longer-term synergies continue to be expected from extensive coal blending opportunities and integrated rail and port infrastructure synergies once Maules Creek is in operation. The acquisition of Boardwalk and Aston by Whitehaven also resulted in a step-up in the tax base of those companies' assets, generating tax synergies.

Whitehaven had cash on hand at 30 June 2013 of $110.5 million and had drawn $445 million from its bank facility of $1.2 billion. The facility has a four year tenor and provides lines of credit comprising $1.0 billion revolving and term, and $0.2 billion guarantee facilities. No debt serviceability covenant is required to be tested until 31 December 2014.

Whitehaven had a total of approximately US$67.5 million in forward US$/A$ exchange contracts at the end of June, at an average exchange rate of AUD 1.00 = US$ 0.9725.

CARBON PRICING MECHANISM

The Federal Government's Carbon Pricing Mechanism commenced from 1 July 2012. Whitehaven has conducted analysis of the CO_2 emissions at each of its operating open cut mines, which has been independently reviewed, and determined from gas measurement that none of the mines meet the facility threshold to be liable to pay any carbon tax. The Narrabri underground mine which drains CO_2 gas from the mine prior to mining is liable and paid carbon tax of about $1.77 per tonne of saleable coal from that operation.

OUTLOOK AND LIKELY DEVELOPMENTS

Whitehaven's longer term aim is to become the premier independent coal company listed in Australia. The process commenced with the successful development of the Narrabri underground coal mine and will continue with its production ramp up to full production during FY2014.

Gaining all of the Government approvals required for the Maules Creek project will see construction of this tier 1 mine commence and advance during FY2014. When completed and operating the mine will enable Whitehaven to more than double its production from current level. The low cost production will ensure that Whitehaven remains one of the lowest cost producers in Australia.

Existing unutilised debt facilities at 30 June 2013 are expected to be sufficient to meet Maules Creek capital expenditure commitments based upon the projected mine development timeline. However, final timing will be dependent upon the start-up of construction.

While the Company does not expect an improvement in coal prices in the short term, the weaker Australian dollar will help to increase revenues in FY2014. In addition recent cost cutting across all of the mines will leave Whitehaven well placed to cope with the current market environment.

Whitehaven expects to produce and sell approximately 11Mt (100% basis) of coal in FY2014.

2 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 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 Stamfordland Corp which is listed on the Singapore Stock Exchange and a Director Trustee of HostPlus Superfund and Chairman of Palisade Regional Infrastructure Fund.
John Conde 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, Destination NSW and the Sydney Symphony. He is also president of the Commonwealth Remuneration Tribunal and a non-executive director of the Dexus Property Group and The McGrath Foundation. He retired as chairman of Ausgrid (formerly Energy Australia) in June 2012. He was formerly chairman and managing director of Broadcast Investment Holdings, as well as being a former non-executive director of BHP Billiton Limited and Excel Coal Limited.
Paul Flynn BComm, FCA Managing Director Appointed: 25 March 2013 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.

2 Directors (cont'd)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Tony Haggarty MComm, FAICD Non-Executive Director from 25 March 2013 Previously Managing Director to 24 March 2013 Appointed: 17 October 2008	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.
Philip Christensen BComm, LLB Independent Non-Executive Director Appointed: 3 May 2012	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 Jakarta, Singapore, Sydney and Brisbane offices. Philip was an executive director of The Tinkler Group 2010-2012. Philip was a non-executive director of Aston Resources Limited from the time of the IPO until the merger with Whitehaven. Philip is currently a consultant with the international law firm Allen & Overy.
Rick Gazzard BE (Mining) Honours Independent Non-Executive Director Appointed: 3 May 2012	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 Qld 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.
Christine McLoughlin BA, LLB (Honours), FAICD Independent Non-Executive Director Appointed: 3 May 2012	Christine has more than 25 years' experience 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 nib Holdings Ltd, and Westpac's insurance companies in Australia and New Zealand. She was formerly a Director of the Australian Nuclear Science & Technology Organisation (ANSTO) and the Victorian Transport Accident Commission.

Previous Directors

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Allan Davies BE (Mining) Honours Executive Director Appointed: 25 February 2009 Retired: 1 November 2012	Allan is a mining engineer and has over 35 years' experience in the Australian and international coal and metalliferous mining industries. He is a registered mine manager in Australia and South Africa. Allan was a founding Director of Excel Coal Limited and as Executive Director – Operations for Excel Coal Limited, Allan had direct responsibility for operations and construction projects. From 2000 until early 2006, Allan also worked for Patrick Corporation as Director - Operations. Currently, Allan is also a non-executive Director of Qube Logistics Holdings.
Hans Mende Non-Executive Director Appointed: 3 May 2007 Resigned: 2 July 2012	Hans has been President of the AMCI Group since he co-founded the company in 1986. Prior to starting AMCI Group, Hans was employed by the Thyssen group of companies in various senior executive positions. Other current Directorships held by Hans include Excel Maritime Inc., White Energy, New World Resources and MMX Mineracao. Hans was previously a non-executive director of Felix Resources Limited an ASX listed company.

3 Company secretaries

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Austen Perrin B.Ec, CA Appointed: 19 November 2008	Austen has been with the Whitehaven Group since October 2008 as Chief Financial Officer and Company Secretary. He has over 20 years' experience in the transport and infrastructure industry including senior executive roles with Toll Holdings Limited including the roles of Executive Director and Chief Financial Officer for Toll NZ Limited and Chief Financial Officer for Pacific National Limited. He was also Chief Financial Officer for Asciano Limited.
Timothy Burt B.Ec, LLB (Hons) LLM Appointed: 29 July 2009	Timothy joined Whitehaven as General Counsel and Company Secretary in July 2009. He has 18 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.

4 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	2,787,767	189,000	Granted on 1 May 2012 (refer to details in note 32 of the financial statements)
John Conde	378,605	-	
Paul Flynn	39,382	-	
Philip Christensen	2,901,575*	189,000	Granted on 1 May 2012 (refer to details in note 32 of the financial statements)
Rick Gazzard	125,000	-	
Tony Haggarty	33,479,897	-	
Christine McLoughlin	21,000	-	

*Includes 762,902 shares issued subject to restrictions. Refer to note 26 of the financial statements for details.

5 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[1]		Audit & Risk Management Committee Meetings		Remuneration Committee Meetings[2]		Health, Safety, Environment & Community Committee Meetings		Governance & Nominations Committee Meetings		Independent Board Committee	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Mark Vaile	20	20	1	1	10	10	-	-	3	3	5	5
John Conde	20	18	6	6	10	10	-	-	3	3	5	5
Paul Flynn	20	19	5	5	-	-	-	-	-	-	-	-
Tony Haggarty	20	19	-	-	-	-	-	-	-	-	5	5
Philip Christensen	20	19	-	-	-	-	4	4	3	3	-	-
Allan Davies	11	11	-	-	-	-	1	1	-	-	5	4
Rick Gazzard	20	20	6	6	-	-	4	4	-	-	5	4
Christine McLoughlin	20	19	-	-	10	10	3	3	3	3	5	5
Hans Mende	-	-	-	-	-	-	-	-	-	-	-	-

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

B – Number of meetings attended

[1]12 of the Board meetings were unscheduled meetings

[2]4 of the Remuneration Committee meetings were combined Governance & Nominations Committee meetings dealing with CEO succession and remuneration

6 Corporate governance statement

The Company is committed to achieving the highest standards of corporate governance and to conducting its operations and corporate activities safely and in accordance with all applicable laws and regulatory obligations. This Corporate Governance Statement sets out the key details of the Company's corporate governance framework.

Scope of responsibility of the Board

The Board has a formal Board Charter which sets out the responsibilities, structure and composition of the Board. It provides that the Board's broad function is to:

- determine strategy and set financial targets for the Whitehaven Group;
- monitor the implementation and execution of strategy and performance against financial targets; and
- appoint and oversee the performance of executive management and to take and fulfil an effective leadership role in relation to the Whitehaven Group.

The Board Charter sets out the responsibilities which are specifically reserved for the Board. These include the following:

- determining the composition of the Board, including the appointment and removal of Directors;
- oversight of the Whitehaven Group, including its control and accountability systems;
- appointment and removal of senior management and the Company Secretary;
- reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliance;
- monitoring senior management's performance and implementation of strategy; and
- approving and monitoring financial and other reporting and the operation of Board committees ('Committees').

Day-to-day management of the Company's affairs and implementation of its strategy and policy initiatives are delegated to the Managing Director and senior executives, who operate in accordance with Board approved policies and delegated limits of authority.

Under the terms of the Board Charter, an independent Director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgment.

The Board reviews and makes a determination regarding each Director's independence on a regular basis as required by any change in circumstance that may affect an individual's independence. In making this determination regarding independence the Board has regard to all relevant facts and circumstances that apply and to the relevant guidelines but ultimately the Governance and Nomination Committee will assess whether the Director is independent of management and any business or other relationship that could materially interfere with the exercise of objective or independent judgment or the Director's ability to act in the best interests of the Company. Following that process the Governance and Nomination Committee makes recommendations to the Board prior to their final determination of an individual Director's independence. The Board retains ultimate discretion in its judgment to determine if a Director is independent.

Paul Flynn is not considered independent because during the financial year he was an executive of the Company. Tony Haggarty is not considered independent because of his recent transition from Managing Director to Non-executive Director.

A copy of the Board Charter can be viewed on Whitehaven's website.

Committees

The Board has established the following standing Committees:

Committee	Purpose	Membership
Audit and Risk Management Committee	Advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Whitehaven Group. It also gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.	John Conde (Chairman) Mark Vaile Rick Gazzard
Remuneration Committee	Assists the Board and reports to it on remuneration and issues relevant to remuneration policies and practices including those for key management. The Committee is also responsible for overseeing Whitehaven's human resources strategy.	Christine McLoughlin (Chairman) Mark Vaile John Conde
Governance and Nomination Committee	Assists the Board and reports to it on issues relevant to governance policies and practices including the independence of directors and to make recommendations to the Board in relation to the appointment of new Directors. The Committee also supports and advises the Board on the oversight of succession planning for the chief executive officer and on identifying initiatives required to improve diversity.	Mark Vaile (Chairman) John Conde Philip Christensen Christine McLoughlin
Health, Safety, Environment and Community Committee	Assists the Board and reports to it on health, safety, environment and community ('HSEC') matters including Whitehaven's performance on HSEC matters, compliance with relevant HSEC laws and the adequacy and effectiveness of HSEC management systems.	Philip Christensen (Chairman) Rick Gazzard Christine McLoughlin Tony Haggarty

In addition to the standing Committees referred to above, the Board also has the ability to establish ad hoc committees formed for a limited period of time to address a specific need. One such circumstance arose during the financial year when the Company received an indicative non-binding proposal from Tinkler Group Holdings Pty Limited (an entity controlled by Nathan Tinkler) relating to a possible privatisation of the Company by a Tinkler group consortium. Given the possibility that a formal proposal could ultimately develop from the preliminary approach, the Board took steps to ensure the independence of the Company's response and established a committee of Directors not associated with the bidder (the 'Independent Board Committee') to consider future developments. As a formal proposal was not able to be pursued the Independent Board Committee was disbanded.

Best practice commitment

Whitehaven is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives, as outlined in this statement, designed to achieve this objective. Whitehaven's corporate governance charters are intended to 'institutionalise' good corporate governance and, generally, to build a culture of best practice both in Whitehaven's internal practices and in its dealings with others.

Independent professional advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice concerning any aspect of Whitehaven's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are borne by the Company.

Compliance with ASX corporate governance guidelines and best practice recommendations

The Board has assessed the Company's practice against the Australian Securities Exchange Corporate Governance Council's '*Corporate Governance Principles and Recommendations*' ('ASX Guidelines'). Whitehaven complied with the ASX Guidelines in all material respects throughout the 2013 financial year. Where the Company has an alternative approach, this has been disclosed and explained.

Principle 1 – Lay solid foundations for management and oversight

The role of the Board and delegation to senior management have been formalised as described above.

On an annual basis, the Board reviews the performance of the Managing Director. The assessment criteria used in these reviews are both qualitative and quantitative and includes the following:

- financial performance;
- safety performance; and
- strategic actions.

The Managing Director annually reviews the performance of Whitehaven's senior executives using criteria consistent with the above.

The performance of the Managing Director and the Company's senior executives during the 2013 financial year has been assessed in accordance with the above processes.

Principle 2 – Structure the Board to add value

Following the merger of Aston Resources Limited ('Aston') and the Company, the Board was made up of nine directors including five independent directors. The initial Directors were Mark Vaile, John Conde, Tony Haggarty, Rick Gazzard, Philip Christensen, Christine McLoughlin, Hans Mende, Paul Flynn and Allan Davies.

During the course of the year Hans Mende and Allan Davies resigned as Directors. In addition Paul Flynn replaced Tony Haggarty as Managing Director and CEO, while Mr Haggarty remained on the Board as a Non-executive Director

The Board reviews its composition from time to time to ensure the Board benefits from an appropriate balance of skills and experience. Details of the experience and skills are set out on pages 15 to 16 of the Directors' report.

The Board is currently comprised as follows:

Director	Independent	Non-executive	Term in Office
Mark Vaile (Chairman)	Yes	Yes	1 year, 4 months
John Conde (Deputy Chairman)	Yes	Yes	6 years
Paul Flynn	No	No	1 year, 4 months
Philip Christensen	Yes	Yes	1 year, 4 months
Rick Gazzard	Yes	Yes	1 year, 4 months
Tony Haggarty	No	Yes	6 years
Christine McLoughlin	Yes	Yes	1 year, 4 months

The Board periodically undertakes an evaluation of the performance of the Board and its Committees. The evaluation encompasses a review of the structure and operation of the Board, and the skills and characteristics required by the Board to maximise its effectiveness, and the appropriateness of the Board's practices and procedures to meet the present and future needs of the Company.

The most recent evaluation was conducted in July/August 2013.

Principle 3 – Promote ethical and responsible decision making

Whitehaven has a Code of Ethics and Values. The purpose of this code is to provide Directors and employees with guidance on what is acceptable behaviour. The code requires all Directors, managers and employees to maintain the highest standards of honesty and integrity. The Code of Ethics and Values can be viewed on Whitehaven's website.

Whitehaven has a Securities Trading Policy which it has disclosed to the ASX in accordance with the ASX Listing Rules. The Securities Trading Policy sets out the windows in which key management personnel (including Directors) and certain other employees as nominated by the Board can trade in Whitehaven's securities and provides that all key management employees and certain other employees of Whitehaven and their families and/or trusts should not trade:

- if they have inside information (that is, information that is not generally available, or if it were generally available, a reasonable person would expect it would have a material effect on the price or value of the securities; or would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of securities);
- during certain periods pending announcements of Whitehaven's results (unless approval is obtained); and
- for more than $50,000 worth of securities without the written approval from the Chairman.

In addition, key management personnel and certain other employees are required to not trade for short term or speculative gain. The Securities Trading Policy applies to all securities issued by Whitehaven and also to:

- the securities of companies which are either a joint venture partner of Whitehaven or for which Whitehaven has made (or is planning to make) a takeover offer; and
- trading by key management personnel and certain other employees in the securities of other companies in which Whitehaven has a substantial interest (10% or more).

The recruitment and selection processes adopted by Whitehaven ensure that staff and management are selected in a non-discriminatory manner based on merit. Whitehaven also values diversity in the organisation.

Amendments to the ASX Guidelines which seek to increase awareness regarding the benefits of workplace diversity and to promote greater transparency and actions aimed at addressing barriers to diversity applied to the Company for the first time in the 2012 financial year.

The Company recognises that people are its most important asset and is committed to maintaining and promoting workplace diversity. Diversity drives the Company's ability to attract, retain and develop the best talent, create an engaged workforce, deliver the highest quality services to its customers and continue to grow the business.

The Board has adopted a Diversity Policy which describes the Company's diversity aspirations and sets minimum expectations to be met by the Company on workforce diversity. A copy of the Diversity Policy is available on the Company's website at http://www.whitehavencoal.com.au.

Under the Diversity Policy, the Board has established measurable objectives. In FY2013 we set ourselves the following diversity objectives:

- conduct training to build employee awareness and understanding of the Company's Diversity Policy and the importance of diversity in building a sustainable business
- complete a review of pay equity across the business covering key diversity parameters, including gender
- review the Company's employment arrangements to identify opportunities to promote and enhance diversity, and develop strategies to take advantage of these opportunities

In response to these objectives the Company:

- completed Diversity Awareness Training for management personnel with further training for operational personnel being conducted.
- conducted a review of pay equity across the business with no material pay gaps identified
- review completed to identify existing employment arrangements offered to employees. Further work to formalise a policy on employee arrangements will be undertaken in FY2014.

The Company's diversity policy will be overseen at Board level by the Health, Safety, Environment and Community Committee and, at management level by the standing Environment and Community Committee.

The company has set the following diversity objectives for FY2014:

- develop and implement recruitment and promotion guidelines aimed at enhancing diversity
- gather data from employees on gender equality matters and formalise policy on employee arrangements to support employees with families

The Company will assess and report on its progress against these objectives in the 2014 financial year Annual Report.

Each year, Whitehaven Coal Limited is required to provide the Workplace Gender Equality Agency (WGEA) with data relating to gender diversity in our business.

Gender diversity is only one element of diversity across our business, but it is extremely important when we look at our overall performance, our broader culture, our ability to attract highly skilled people, and our productivity.

As at 30 June 2013, women comprised:

- 14.3% of directors on the Board (12.5% at 30 June 2012)
- 7.1% of senior executives (4.3% at 30 June 2012)
- 9.5% of employees across the Group (10.2% at 30 June 2012).

A full copy of the WGEA report can be viewed on Whitehaven's website.

Principle 4 – Safeguard integrity in financial reporting

Whitehaven is committed to a transparent system for auditing and reporting of the Company's financial performance. Whitehaven's Audit and Risk Management Committee performs a central function in achieving this goal. A majority of the members of the Audit and Risk Management Committee (including the chairman of the Committee) are independent Directors, and all the members are financially literate. The Audit and Risk Management Committee holds discussions with external auditors without management present as required.

The Audit and Risk Management Committee's Charter can be viewed on Whitehaven's website.

Principle 5 – Make timely and balanced disclosure

Whitehaven has in place (under its Continuous Disclosure Policy) practices and procedures which are aimed at ensuring timely compliance with the Company's obligations under the Corporations Act 2001 (Cth) and ASX Listing Rules. The Continuous Disclosure Policy sets out Whitehaven's disclosure obligations, explains what type of information needs to be disclosed and identifies who is responsible for disclosure.

The Continuous Disclosure Policy requires executive employees of Whitehaven to immediately report to the chief executive officer or if the chief executive officer is not contactable, one of his delegates (the chief financial officer or the general counsel and company secretary) once they become aware of information that is, or may be, price sensitive.

Under the Continuous Disclosure Policy, Whitehaven must not publicly disclose price-sensitive information until it has given that information to the ASX and has received an acknowledgment from the ASX that the information has been released to the market. After an acknowledgment has been received from the ASX, information disclosed to the ASX should be promptly placed on Whitehaven's website.

This policy can be viewed on Whitehaven's website.

Principle 6 – Respect the rights of shareholders

The Board recognises the importance of ensuring that shareholders are kept informed of all major developments affecting the Company. Information is communicated to shareholders in the following ways:

- regular announcements are made to ASX in accordance with the Company's continuous disclosure obligations, including quarterly reports, half-year results, full-year results and an Annual Report. These announcements are available on Whitehaven's website;
- Whitehaven's Annual Report is delivered to those shareholders who have elected to receive it;
- through participation at the Company's annual general meeting. The Board encourages full participation of shareholders at the Annual General Meeting;
- the Company's external auditors attend the Annual General Meeting and are available to answer shareholders' questions,

Whitehaven's policy on communications with shareholders can be viewed on Whitehaven's website.

Principle 7 – Recognise and manage risks

Whitehaven recognises that risk is a part of doing business and that effective risk management is fundamental to achieving the Company's strategic and operational objectives.

Whitehaven has a Risk Management Framework which provides the approach, infrastructure and processes for risk management at the Company. This Framework is constantly evolving, enabling the Company to manage its risks effectively and efficiently. The key components of the Framework are as follows:

Risk Management Policy - This Policy provides an overview of Whitehaven's approach to risk management, and includes a summary of the roles and responsibilities of both the Board and management.

Risk Management Standards – These Standards define the minimum risk management requirements that apply to Whitehaven's operations. They address the identification, assessment and management of all material risks that could impact the Company's objectives.

Risk Management Guidelines – These Guidelines provide guidance to Directors and management as to what needs to be done to meet the objectives of the Risk Management Policy and the Risk Management Standards.

Under the supervision of the Board, management is responsible for identifying and managing risks. The Board is responsible for ensuring that a sound system of risk oversight and management exists and that internal controls are effective. In particular, the Board ensures that the principal strategic, operational, financial reporting and compliance risks are identified, and that systems are in place to manage and report on these risks.

The Board, together with management, constantly seeks to identify, monitor and mitigate risk. Internal controls are monitored on a continuous basis and, wherever possible, improved.

The Board has received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8 – Remunerate fairly and responsibly

Whitehaven's remuneration policy and practices are designed to attract, motivate and retain high quality people. The policy is built around the following principles:

- remuneration being competitive in the markets in which the Company operates;
- remuneration being linked to Company performance and the creation of shareholder value.

Whitehaven has a Remuneration Committee whose responsibilities include considering the Company's remuneration strategy and policy, overseeing the Company's human resources strategy and making recommendations to the Board that are in the best interests of the Company and its shareholders. The Committee is comprised of a majority of independent Directors, is chaired by an independent Director and has three members.

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.

The remuneration of non-executive Directors is fixed by way of cash and superannuation contributions. Non-executive Directors do not receive any options, bonus payments or other performance related incentives, nor are they provided with any retirement benefits other than superannuation.

More information relating to the remuneration of non-executive Directors and senior managers is set out in the Remuneration Report on pages 26 to 47. As required by the Corporations Act, a resolution that the Remuneration Report be adopted will be put to the vote at the Annual General Meeting, however the vote will be advisory only and will not bind the Directors of the Company.

7 Dividends

During the year the Company paid fully franked dividends of $29,375,000, representing a final 2012 dividend of 3.0 cents per ordinary share.

Declared after end of year

Directors have resolved not to declare a dividend in respect of FY2013.

8 Remuneration report

8.1 Overview

As explained in last year's Remuneration Report, the Board undertook a comprehensive review of the Company's remuneration framework and arrangements following the merger between the Company and Aston Resources. Over the past 12 months, we have progressively implemented that framework, which was strongly endorsed by our shareholders at last year's Annual General Meeting. The principles underlying the framework and its outcomes to date are described in this Remuneration Report.

FY2013 was a challenging year for the Company. While the market for the Company's shares is largely reflective of the external challenges that face the resources industry generally, such as the high exchange rate and the fall in the global market price for coal, there are a number of unique factors outside of the Company's direct control that have impacted on our business plans in particular. These include:

- delays in government approval processes and their impact on the development of Maules Creek; and
- market speculation regarding the position of a key shareholder in the Company.

Despite these challenges, the Board considers that the executive leadership team performed well during the year, in particular achieving integration following the merger with Aston Resources. However, the Board shares our shareholders' disappointment with the Company's share price performance and the fact that we recorded a loss this year. In this context, and given that some financial targets were not met, the Board has capped incentives paid to the executive leadership team at a maximum of 12.5% of their fixed remuneration and determined that there will be no fixed remuneration increases for the executive leadership team or fee increases for Non-executive Directors for FY2014.

In order to help clearly explain remuneration outcomes for FY2013, we have included a new section (8.2) in the Remuneration Report this year describing 'Realised Remuneration', which shows the remuneration actually received by the Managing Director and Chief Executive Officer and other executive KMP during FY2013. It is in addition to the mandatory disclosures required by the Corporations Act and the Accounting Standards, which can be found in section 8.8.

8 Remuneration report (cont'd)

8.1 Overview (cont'd)

As flagged to shareholders in the Company's announcement to the ASX on 16 October 2012, the smooth and effective succession of the Company's leadership has been a priority for the Company since the merger. As part of this succession planning, FY2013 saw the leadership of our Company transition to Paul Flynn, who became the Managing Director and Chief Executive Officer of the Company on 25 March 2013. The appointment of Mr Flynn followed a thorough executive search process led by an external firm, Spencer Stuart, which involved the consideration of a number of internal and external candidates. During the process it became clear that Mr Flynn's combination of resources industry experience, leadership skills and financial acumen made him the best candidate to take over the role of Managing Director and Chief Executive Officer. The key terms of Mr Flynn's new contract of employment were disclosed to the ASX on 21 February 2013. At that time the Board also invited Mr Tony Haggarty to continue as a Non-executive Director of the Company. Mr Haggarty's extensive experience in the coal industry and his relationships with the Company's long term customers are highly valued by the Board.

Mr Flynn's appointment as CEO formed part of a broader drive since the merger to build and strengthen the executive leadership team. In appointing new members to the team, the Company has deepened its level of expertise in the coal sector which will complement the Company's growth strategy. Notably the appointment of Jamie Frankcombe (Executive General Manager – Operations), Brian Cole (Executive General Manager – Project Delivery, a newly created role), Jonathan Vandervoort (Executive General Manager – Infrastructure, a newly created role) and Pat Markey (Executive General Manager – Marketing) bring a depth of industry experience that complements the rest of the executive leadership team, and leaves the Company well-positioned with an experienced, balanced and capable team to improve the Company's performance and deliver ongoing value for shareholders.

The Remuneration Committee remains committed to ensuring that the Company's remuneration framework operates effectively in order to appropriately incentivise and reward senior executives while being transparently aligned with shareholder interests. In this regard, throughout FY2013 the Remuneration Committee gave careful consideration to whether to introduce a second performance hurdle to apply to the long-term incentive awards. Whilst the Remuneration Committee reviewed and considered a number of possible additional hurdles, it was decided to defer the selection and implementation of a second hurdle given the current transformational circumstances of the Company. However the Remuneration Committee still contemplates introducing a second hurdle in the future.

The Company will be seeking approval from shareholders at the upcoming Annual General Meeting for the grant of performance rights under the long-term incentive plan to the Managing Director and Chief Executive Officer, as well as approval of any deferred shares that may become payable to Mr Flynn in relation to the FY2014 short-term incentive. Full details of those grants (including the applicable performance hurdle and vesting schedule) will be set out in the Notice of Meeting.

8 Remuneration report (cont'd)

8.2 Realised remuneration

Details of the remuneration of the executive key management personnel (**KMP**) prepared in accordance with statutory obligations and accounting standards, are contained in section 8.8 of this Remuneration Report.

To give shareholders a better understanding of the remuneration actually received by executive KMP, the table below sets out the cash and other benefits executive KMP have received (or will receive) based on their performance in FY2013. The amounts disclosed in the table, while not in accordance with the accounting standards, are considered more helpful for shareholders in demonstrating the linkages between Company performance and remuneration outcomes for executives.

Name	Fixed[1]	STI[2]	LTI[3]	Cessation[4]	Other[5]	Total
Paul Flynn	$567,790	-	N/A	-	$32,640	**$600,430**
Tony Haggarty	$594,524	-	N/A	$141,459	$7,920	**$743,903**
Timothy Burt	$475,000	$69,298	N/A	-	$11,264	**$555,562**
Brian Cole	$650,100	$84,157	N/A	-	$400,000	**$1,134,257**
Allan Davies	$585,468	-	N/A	-	-	**$585,468**
Jamie Frankcombe	$364,583	$44,949	N/A	-	$204,400	**$613,932**
Peter Kane	$357,143	-	N/A	$782,636	-	**$1,139,779**
Austen Perrin	$650,000	$75,863	N/A	-	$11,333	**$737,196**

[1] Fixed remuneration comprises base salary and superannuation, as well as directors' fees in respect of any period during the year for which the relevant individual served as a non-executive director (in relation to Mr Flynn and Mr Haggarty).

[2] STI represents the amount of the STI that will be paid to the executive for FY2013 performance (with 30% of this amount deferred into restricted shares in the Company and subjected to a continued service based vesting condition).

[3] LTI represents the value of performance rights that vested during the year. No LTI was available for vesting during FY2013.

[4] Section 8.7.3 sets out further details regarding the cessation arrangements and payments.

[5] Other includes parking, long service leave accruals, and signing payments. Mr Flynn received $30,000 as a dislocation allowance upon his commencement as Managing Director and Chief Executive Officer in recognition of costs and expenses he had incurred as a result of foregoing another opportunity. Mr Frankcombe received a sign on grant of shares in the Company with a face value of $200,000 (subject to a one-year service-based vesting condition). Mr Cole received a sign on fee of $400,000 on joining the Company as compensation for long term incentives that had vested but that he forfeited as a result of leaving his previous employer at a time convenient for the Company. Section 8.7.2 sets out further details of these payments.

8 Remuneration report (cont'd)

8.3 Key management personnel for FY2013 - audited

This Report details the remuneration of the key management personnel (KMP) of the Company during FY2013, 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 FY2013
Non-executive Directors		
The Hon. Mark Vaile	Chairman and independent Non-executive Director Chair of Governance & Nominations Committee	
John Conde	Independent Non-executive Director Deputy Chairman Chair of Audit & Risk Committee	
Philip Christensen	Independent Non-executive Director Chair of Health, Safety, Environment & Community Committee	
Rick Gazzard	Independent Non-executive Director	
Tony Haggarty	Non-executive Director	Appointed 25 March 2013 Mr Haggarty was previously the Managing Director of the Company and ceased in this role on 24 March 2013
Christine McLoughlin	Independent Non-executive Director Chair of Remuneration Committee	
Senior Executives		
Paul Flynn	Managing Director and Chief Executive Officer	Appointed 25 March 2013 Mr Flynn was previously a Non-executive Director of the Company and ceased in this role on 24 March 2013
Timothy Burt	General Counsel and Joint Company Secretary	
Brian Cole	Executive General Manager - Project Delivery	
Jamie Frankcombe	Executive General Manager - Operations	Appointed 4 February 2013
Austen Perrin	Chief Financial Officer and Joint Company Secretary	

8 Remuneration report (cont'd)

8.3 Key management personnel for FY2013 – audited (cont'd)

The following table sets out KMP departures during FY2013:

Name	Title	Change during FY2013
Hans Mende	Non-executive Director	Resigned 2 July 2012
Allan Davies	Executive Director	Mr Davies retired as an Executive Director of the Company on 1 November 2012 and ceased to be a member of the KMP on 4 February 2013 upon Mr Frankcombe's appointment
Peter Kane	Executive General Manager – Business Development	Ceased on 21 December 2012

8.4 Remuneration principles and framework - audited

8.4.1 Overview

This section discusses the core principles and components of the Company's new remuneration framework.

Remuneration 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.

↓

Remuneration framework

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, 30% of STI is deferred into shares for a further 12 - 24 month period – ability of the Remuneration Committee to reduce the number of deferred shares 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 the relative TSR performance hurdle is satisfied) – for KMP, the face value of the LTI opportunity is currently set at 80% of TFR

8 Remuneration report (cont'd)

8.4.2 Remuneration governance

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, which is currently comprised entirely of independent directors.

The role of the Remuneration Committee 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.

Further information regarding the Remuneration Committee's role, responsibilities and membership is set out in the Corporate Governance Statement on pages 19 to 25 of this Annual Report.

Use of external advisors

The Remuneration Committee seeks and considers advice from external advisers when required. External advisors are engaged by and report directly to the Remuneration Committee. Such advice will typically cover Non-executive Director remuneration, senior executive 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 only remuneration consultant engaged during FY2013 to provide a remuneration recommendation was Egan Associate as a continuation of their FY2012 engagement to advise on the new remuneration structure and arrangements for senior executives. The specific recommendations provided related to the LTI, including proposed award allocations and performance hurdles, and assistance with determining the appropriate remuneration for incoming senior executives. Other services included attendance at Remuneration Committee meetings, assistance with communication of the new remuneration arrangements, and provision of benchmarking information.

The Board is satisfied that the recommendations were free from undue influence on the basis that:

– the remuneration recommendations were provided directly to the members of the Remuneration Committee, none of whom are executive directors;
– the engagement of Egan Associates was overseen by the Remuneration Committee and the Committee has no reason to believe that any inappropriate pressure was placed on Egan Associates by members of the management team with a view to influencing the recommendations provided; and
– Egan Associates have provided a declaration that the recommendations provided during FY2013 were free from undue influence by any members of the KMP to whom the recommendations related. The Board is satisfied that the recommendations provided by Egan Associates were so provided.

Aside from the recommendations described above, Egan Associates also provided ad hoc support and advice as requested by the Remuneration Committee, including attendance at Committee meetings and the provision of benchmarking data and technical advice on KMP remuneration. This additional advice did not constitute remuneration recommendations.

As required to be disclosed by the Corporations Act, within the context of the work described above, the fees paid to Egan Associates for the recommendations were $11,135 (excluding GST) and the fees for other services were $53,860 (excluding GST).

There were no other remuneration recommendations provided to the Remuneration Committee during FY2013. However, Ernst & Young provided information and conducted workshops in relation to the introduction of a possible second performance hurdle to apply to the LTI (but this did not entail a 'remuneration recommendation' as defined in the Corporations Act). The fees paid to Ernst & Young for this work were $28,000.

8 Remuneration report (cont'd)

8.5 Detail of components of executive KMP remuneration - audited

This section describes in greater detail the different components of executive KMP remuneration for FY2013.

8.5.1 Transitional arrangements in place for FY2013

In order to facilitate a smooth transition to the new remuneration framework, the following transitional arrangements were in place for FY2013:

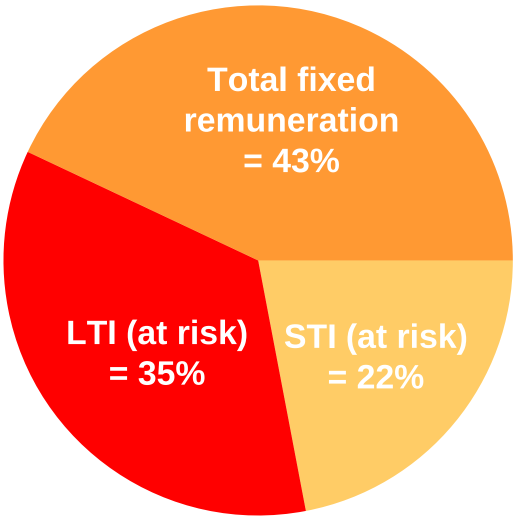
- the STI for FY2013 operated over a 14 month performance period from 1 May 2012 to 30 June 2013, in recognition of the fact that the executive KMP's previous STI crystallised on the date of the merger with Aston Resources. This resulted in a higher target STI opportunity for FY2013 (58% of TFR instead of the standard 50%). From FY2014 onwards the STI performance period will be 12 months, aligned with the 1 July – 30 June financial year; and
- the LTI granted in FY2013 was divided into three equal tranches that will vest following a 2, 3 and 4 year period (respectively), subject to performance conditions. For FY2014, the LTI will be divided into two equal tranches capable of vesting following 3 and 4 year performance periods.

8.5.2 Mix and timing of remuneration in FY2013

Executive remuneration is delivered as a mix of fixed and variable 'at risk' remuneration. Variable remuneration can be earned through STI and LTI. The different elements of remuneration reflect a focus on both short-term and longer-term performance, and delivery of rewards is staggered over a multiyear timeframe to encourage sustained performance and retention.

The diagram below illustrates the remuneration mix for executive KMP for FY2013.

Remuneration mix for senior executives FY2013
(assuming target performance for at risk components)



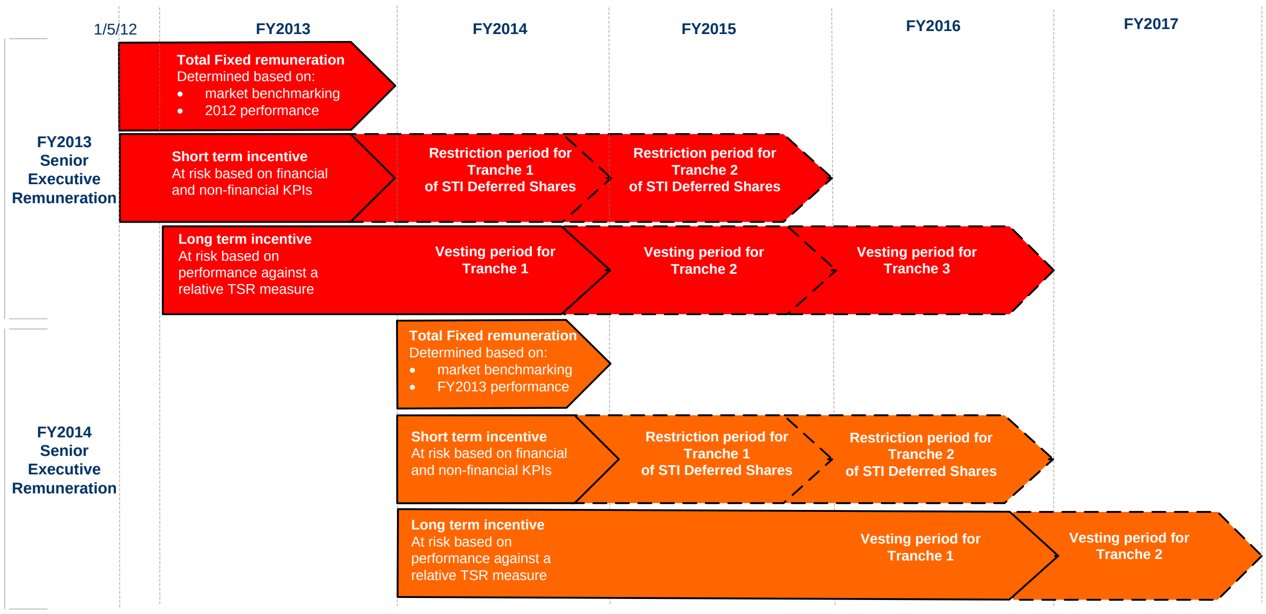
Given their existing significant shareholding in the company, Mr Haggarty and Mr Davies elected not to receive an LTI award for FY2013. Accordingly, their remuneration mix was 63% TFR and 37% STI (at risk remuneration). The TFR and STI components were not increased to compensate their decision to forego any LTI entitlement.

8 Remuneration report (cont'd)

8.5 Detail of components of executive KMP remuneration – audited (cont'd)

8.5.2 Mix and timing of remuneration in FY2013 (cont'd)

The diagram below shows timing for determining and delivering executive remuneration for FY2013 and FY2014.



8.5.3 Fixed remuneration

Fixed remuneration received by executive KMP comprises base salary, superannuation and other benefits and is subject to approval by the Remuneration Committee.

Fixed remuneration and total target remuneration will typically be positioned at around the median percentile of the relevant market. The objective of this target positioning is to recognize the need to meet the market in order to attract and retain the best talent in a sector where demand for skilled labour is high while still ensuring appropriate restraint in respect of executive remuneration. Actual market positioning for each individual may deviate from (above or below) the positioning policy due to consideration of internal relativities, experience, tenure in role, individual performance and retention considerations.

In the case of the incoming CEO, his total remuneration package was benchmarked against comparable ASX100 resources sector companies. The remuneration package agreed with Mr Flynn was the benchmarked CEO package originally recommended by an external remuneration consultant, Egan Associates, for Mr Haggarty, but Mr Haggarty elected not to take that package at the time due to his significant shareholding in the Company. While this resulted in Mr Flynn receiving a higher remuneration package than that paid to the previous CEO, this is a reflection of the fact that Mr Haggarty's remuneration package was significantly below the benchmark level for CEOs of peer companies.

8 Remuneration report (cont'd)

8.5 Detail of components of executive KMP remuneration - audited (cont'd)

8.5.4 Short term incentive for FY2013

The following table summarises the terms of the STI that applied during FY2013.

Who participated?	All salaried employees. Mr Flynn did not participate in the FY2013 STI as he did not commence his role as CEO until 25 March 2013. Consequently, his FY2014 STI grant will operate over an extended 15-month period from 25 March 2013 to 30 June 2014, with subsequent annual performance periods commencing on 1 July.
What was the performance period?	The STI for FY2013 operated over a 14 month performance period from 1 May 2012 to 30 June 2013, in recognition of the fact that the senior executives' previous STI crystallised on the date of the Merger. From FY2014 the STI performance period will be 12 months, aligned with the 1 July – 30 June financial year.
What was the target STI award?	Senior executives' target STI was 50% of fixed remuneration pro-rated over extended 14 month performance period. The maximum STI amount actually paid for FY2013 was 25% of this target.
What were the performance conditions and how were they assessed?	The STI for the senior executives was assessed by the CEO and approved by the Board having regard to Group financial performance and as well as non-financial measures. Group financial considerations included production, cost per saleable tonne, and NPAT. Individual performance objectives included safety, project management and leadership measures.
Why were these performance conditions chosen?	These performance conditions were chosen as they were directly linked to the operational priorities of the Company following the merger with Aston Resources, including bringing the Narrabri Longwall Project safely into production and achieving our merger synergies.
What performance level was achieved?	The Company surpassed the threshold production target of 8.9 million ROM tonnes for the year. However, other financial targets of NPAT and cost per saleable tonne were not met. Whilst the safety target was not met, there will continue to be a strong emphasis on demanding safety targets for the FY2014 STI award. Some individuals also met personal milestone based performance objectives, such as securing the $1.2 billion finance facility, the successful installation and ramp up of the longwall at Narrabri, implementation of cost cutting initiatives, extensive engagement in planning approval processes and putting long term infrastructure in place.
How was the STI delivered?	70% of the STI award (for those senior executives who received an STI) will be paid to the executives in cash in September 2013. The remaining 30% of the award will be delivered in the form of fully paid Whitehaven Coal shares (**Deferred Shares**). The Deferred Shares vest in two equal tranches 12 months and 24 months following allocation, unless the executive resigns or is terminated for cause. Senior executives are required to comply with the Company's securities trading policy in respect of their Deferred Shares, which includes a prohibition on hedging or otherwise protecting the value of their unvested securities. As the Deferred Shares form part of remuneration already earned, dividends accrue on the Deferred Shares but will only be paid to the senior executive at the end of the deferral period in relation to those Deferred Shares that vest. 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 Shares will vest.

8 Remuneration report (cont'd)

8.5 *Detail of components of executive KMP remuneration - audited (cont'd)*

8.5.5 STI award outcomes for KMP

As noted in the table above, whilst the Board was pleased with the production targets and individual milestones achieved by senior executives, as well as the significant improvements in safety measures, the Board determined that the financial performance of the Company did not justify the full payment of the STI award for FY2013 and, as such, a maximum of 25% of the target STI award was paid to KMP (i.e. a maximum of 12.5% of their fixed remuneration).

KMP	STI earned (A$)	Percentage of target STI
Tony Haggarty	N/A	N/A
Allan Davies	N/A	N/A
Timothy Burt	69,298	25%
Brian Cole	84,157	25%
Jamie Frankcombe	44,949	25%
Peter Kane	N/A	N/A
Austen Perrin	75,863	20%

8.5.6 2012 Long term incentive grant

The following table describes the terms of the LTI granted in 2012 (**2012 LTI grant**).

Who participated?	All senior executives across the Group were eligible to participate in the LTI, and participated on the terms and conditions set out below. Mr Haggarty and Mr Davies elected not to participate in the 2012 LTI grant, as the volume of shares in the Company that they already held was sufficient to ensure alignment with the interests of shareholders. Mr Flynn did not receive an LTI in 2012 (as he was still a Non-executive Director at the time the grant was made) but will participate in the LTI from 2013 (subject to shareholder approval). Further details regarding Mr Flynn's contract and participation in the Company's incentive plans are set out in section 8.7.1.
What was granted?	Senior executives 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 2012.
What is the performance period?	To facilitate transition to the new LTI scheme, the performance period for the 2012 LTI grant is divided into three equal tranches capable of vesting after a 2, 3 and 4 year performance period (respectively). The 2013 LTI award will be divided into two equal tranches capable of vesting after a 3 and 4 year performance period.

8 Remuneration report (cont'd)

8.5 *Detail of components of executive KMP remuneration - audited (cont'd)*

8.5.6 2012 Long term incentive grant (cont'd)

What is the performance condition?	The performance rights are subject to a relative TSR hurdle. The TSR of the Company is measured as a percentile ranking compared to a comparator group of listed entities over the relevant performance period for the tranche. The comparator group for the 2012 grant is the entities in the ASX 100 Resources Index as at 24 September 2012 (**Grant Date**). A TSR hurdle was considered an appropriate benchmark in light of the Company's focus on long-term developments and capital expenditure, which is intended to generate real long-term shareholder value. The level of vesting was determined based on the ranking against the comparator group companies in accordance with the following schedule: – in the 75th percentile (i.e. top quartile) or above – 100% of performance rights vest; – between the 50th and 75th percentile – 50% of the performance rights vest at the 50th percentile, and thereafter the percentage vesting increases by 2% for each percentile above the 50th percentile; and – below the 50th percentile - no performance rights vest.
How will the performance condition be calculated?	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 the Grant Date (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). 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.
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.

8 Remuneration report (cont'd)

8.5 *Detail of components of executive KMP remuneration - audited (cont'd)*

8.5.6 2012 Long term incentive grant (cont'd)

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 a 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.

8.5.7 Equity instruments granted as remuneration

Performance rights granted to KMP

Details of performance rights granted to KMP during FY2013 are set out in the table below. The grants to KMP constituted their full LTI entitlement for FY2013 and were made on the terms summarised in section 8.5.6 above.

	Number of performance rights granted	Grant date	Fair value per performance rights at grant date*	Vesting date
KMP				
Austen Perrin	42,174	24 September 2012	$1.70	23 September 2014
	42,174	24 September 2012	$1.83	23 September 2015
	42,173	24 September 2012	$1.92	23 September 2016
Timothy Burt	30,819	24 September 2012	$1.70	23 September 2014
	30,819	24 September 2012	$1.83	23 September 2015
	30,819	24 September 2012	$1.92	23 September 2016
Brian Cole	42,174	24 September 2012	$1.70	23 September 2014
	42,174	24 September 2012	$1.83	23 September 2015
	42,173	24 September 2012	$1,92	23 September 2016
Former KMP				
Peter Kane	48,662	24 September 2012	$1.70	23 September 2014
	48,662	24 September 2012	$1.83	23 September 2015
	48,661	24 September 2012	$1.92	23 September 2016

** 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.*

Mr Haggarty and Mr Davies elected not to participate in any new grants under the 2012 LTI given their existing substantial shareholding in the Company which was sufficient to ensure alignment with the interests of shareholders.

8 Remuneration report (cont'd)

8.5 *Detail of components of executive KMP remuneration - audited (cont'd)*

8.5.8 Proposed changes to long term incentive in 2013

In response to feedback received from shareholders, and to ensure that no unintended 'uplift' is received by KMP if the unusual volatility of the Company's share price since the merger continues, the Remuneration Committee will introduce a number of changes to the LTI that will apply to the 2013 LTI grant:

– **Longer performance periods:** As flagged in last year's Remuneration Report, the 2013 LTI grant will be divided into two equal tranches capable of vesting following three and four year performance periods (respectively).

– **More challenging vesting schedule for TSR hurdle:** The vesting schedule that applies to the TSR hurdle will be modified so that vesting at the 50th percentile of the ASX 100 Resources Index will be 35% (instead of 50%), and thereafter additional vesting will occur on a pro rata straight line basis up to the 75th percentile where 100% of performance rights will vest. The Remuneration Committee considers that this is appropriately challenging and will reward executives for achieving above median returns.

The Remuneration Committee will also continue to give careful consideration as to whether to introduce a second performance hurdle for LTI grants made in subsequent years.

8.6 Company performance

FY2013 has been a challenging year for the Company, and the lower remuneration outcomes for the executive KMP this year reflect this. Key financial targets were not fully achieved and accordingly the STI paid to the executives was capped at a maximum of 12.5% of their fixed remuneration (or 25% of target STI). No LTI was available for vesting in FY2013. Whilst many of the executives benefitted from equity vesting in the previous financial year as a result of the merger with Aston Resources, like shareholders they have been impacted by the falling share price of the Company.

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

	2013	**2012**	**2011 (pre-merger)**	**2010 (pre-merger)**	**2009 (pre-merger)**
Profit/(loss) attributable to the group ($000's)	(82,164)	62,539	9,946	114,884	244,212
Revenue ($000's)	622,159	618,087	622,186	406,807	489,397
Share price at year end (dollars per share)	$2.30	$4.15	$5.83	$4.80	$3.14
Basic EPS (cents per share)	(8.4)	10.9	2.0	24.2	60.5
Diluted EPS (cents per share)	(8.4)	10.9	2.0	24.0	60.3
Dividends paid (cents per share)	3.0	4.1	6.1	8.8	4.2
Special dividends paid (cents per share)	-	50.0	-	-	-

8 Remuneration report (cont'd)

8.7 Employment contracts - audited

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.

8.7.1 Appointment of new Managing Director and CEO

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 new contract of employment, as disclosed to the ASX on 21 February 2012.

Fixed remuneration	Mr Flynn's total fixed remuneration (**TFR**) is $1,300,000 per annum, which includes salary, superannuation contributions, any components under Whitehaven's salary packaging guidelines and all director's fees. While Mr Flynn's TFR is significantly higher than the TFR for the former CEO, the Company received external advice that Mr Haggarty was underpaid in comparison to CEOs of comparable ASX listed entities. Notably, the remuneration package received by Mr Flynn was originally recommended for Mr Haggarty (although Mr Haggarty elected not to accept any increase due to his significant shareholding in the Company). Upon Mr Flynn's appointment, the Board, having regard to recommendations received from the Remuneration Committee and external benchmarking data and advice from Egan Associates, determined that $1,300,000 continued to be the appropriate level of TFR for the CEO and in line with the Company's stated market positioning. TFR will be reviewed annually from 2014 onwards.
Short term incentive	Mr Flynn is eligible to participate in the annual STI plan, as described in section 8.5 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. For the FY2014 grant, 70% of Mr Flynn's STI award will be measured by reference to clear financial and project milestone targets, including EBITDA, costs per saleable tonne, production targets and Maules Creek milestones, with the remaining 30% tested against defined individual measures (such as safety improvement targets and identified leadership components). The performance period for Mr Flynn's initial STI grant will operate over an extended period from his commencement date of 25 March 2013 to 30 June 2014. Subsequent annual performance periods will commence on 1 July.
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 8.5) and subject to receiving any required or appropriate shareholder approval. Shareholder approval for the initial grant will be sought at the 2013 Annual General Meeting. The initial grant is proposed to be made in the form of performance rights. If they vest, those rights would provide Paul with an entitlement to receive 590,909 Whitehaven shares with a face value equal to $1,300,000 at the commencement of the performance period (100% of TFR at the date of Mr Flynn's appointment, with 20% representing a pro rata portion of the FY2013 LTI opportunity and 80% representing his FY2014 LTI opportunity). If there is a change of control of Whitehaven in the first 12 months following Mr Flynn's appointment as CEO, unvested incentive awards will vest on a basis consistent with target performance. If the change of control occurs prior to the initial LTI award being granted, Mr Flynn is entitled under his employment agreement to receive a cash payment equivalent to the value of the performance rights that would have vested (again, based on target performance).

8 Remuneration report (cont'd)

8.7 Employment contracts – audited (cont'd)

8.7.1 Appointment of new Managing Director and CEO (cont'd)

Transitional payments

In the period prior to commencing his role as Managing Director and Chief Executive Officer and before he was earning an executive salary, Mr Flynn worked closely with Mr Haggarty to ensure a smooth leadership transition. In particular, during this period Mr Flynn performed extra services including undertaking a cost review across Whitehaven's operations. In these circumstances, recognising the special exertion of Mr Flynn in addition to his usual role as a non-executive director, the Board considered it appropriate to pay Mr Flynn a fee of $3,750 for each additional day of service. In aggregate $88,125 was paid to Mr Flynn prior to his formally commencing in an executive capacity.

These transitional payments are captured in the realised remuneration table in section 8.2 and the statutory remuneration table in section 8.9.3.

Treatment of previous non-executive director service agreement

Mr Flynn was previously appointed as a non-executive director of Whitehaven and was entitled to Board and committee fees and statutory superannuation contributions. These fees were prorated to the date of Mr Flynn's appointment as Managing Director and Chief Executive Officer, and full details regarding what Mr Flynn was paid in his capacity as a non-executive director during FY2013 are set out in section 8.9.3 of this Remuneration Report. No termination benefits were payable under his non-executive director services agreement.

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.

8 Remuneration report (cont'd)

8.7 Employment contracts – audited (cont'd)

8.7.2 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
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
Austen Perrin Chief Financial Officer and Joint Company Secretary Appointed 27 October 2008	3 months by employee 12 months by 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.

Treatment of unvested incentives is dealt with in accordance with the terms of grant. In general, under the new STI and LTI arrangements, '*bad leavers*' (i.e. executives who resign or are terminated for cause) will in most cases forfeit their unvested entitlements while '*good leavers*' will retain their entitlements (subject to any applicable performance conditions in the case of LTI arrangements).

Mr Frankcombe received a sign-on grant of shares in the Company with a face value of $200,000 on commencement of his employment, subject to a one-year service-based vesting condition. If Mr Frankcombe resigns or is terminated for cause during this vesting period, the shares will be forfeited. If Mr Frankcombe satisfies the vesting period, or if his employment is terminated other than for cause or resignation, the shares will immediately vest.

Mr Cole received a sign-on payment of $400,000 as compensation for long-term incentives he forfeited on leaving his previous employer. These incentives had already met the applicable performance hurdles but were subject to a further service condition. Payment of this amount was considered appropriate in order to secure Mr Cole's employment with the Company at a crucial time in the development of Maules Creek.

8 Remuneration report (cont'd)

8.7 Employment contracts – audited (cont'd)

8.7.3 Senior executive departures during FY2013

Mr Haggarty

Mr Haggarty ceased to be Managing Director and CEO of the Company on 24 March 2013. Mr Haggarty's termination arrangements were in line with his service agreement, comprising statutory entitlements for accrued but untaken leave totalling $141,459. No other payments were made to Mr Haggarty upon his cessation as Managing Director and CEO.

Whitehaven entered into a new services agreement with Mr Haggarty in relation to his role as a non-executive director of Whitehaven on 25 March 2013, under which Mr Haggarty will be paid a director's fee on the same basis as other non-executive directors of Whitehaven.

Mr Kane

On 16 November 2012 we announced to the ASX that the Company would scale back its Business Development Unit and Brisbane presence. As part of this change, Mr Kane's role as Executive General Manager – Business Development was made redundant. The payments made to Mr Kane as a result of his redundancy totalled $782,636, comprising one year's payment in lieu of notice in accordance with his employment contract and accrued but untaken leave. Performance rights granted to Mr Kane as part of the FY2013 LTI award remain on foot and will be tested in the normal course following the end of the relevant performance period. Options previously granted to Mr Kane (that were granted in consideration for shares that Mr Kane was already entitled to under his previous employment arrangements with Boardwalk, full details of which were disclosed in the FY2012 Remuneration Report) vested in August 2012 and became exercisable in October 2012, in line with the original conditions of grant.

Mr Davies

As Mr Davies was engaged via a contractor arrangement, no amounts were payable on cessation of his employment.

8.8 Statutory senior executive remuneration table – audited

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. The remuneration shown in the table below for Mr Flynn and Mr Haggarty relates only to their respective periods as Executive Directors of the Company. Details of remuneration received in their capacity as Non-executive Directors is disclosed in section 8.9.

8 Remuneration report (cont'd)

8.8 Statutory senior executive remuneration table – audited (cont'd)

In AUD		Salary & fees	Cash bonus (A)	Non-monetary benefits (B)	Super-annuation Benefits	Short term incentive (C)	Termination Benefits	Share-based payments: Shares (D)	Share-based payments: Rights and options (E)	Total Remuneration	Share-based payments as proportion of total
Directors											
Paul Flynn*	2013	346,349	30,000	2,640	5,976	-	-	-	-	384,965	-
Tony Haggarty**	2013	508,658	-	7,920	50,866	-	141,459	-	-	708,903	-
	2012	681,818	272,163	3,149	68,182	-	-	-	-	1,025,312	-
Andy Plummer	2012	324,621	154,215	-	32,462	-	100,040	-	-	611,338	-
Allan Davies***	2013	585,468	-	-	-	-	-	-	-	585,468	-
	2012	535,982	695,553	-	-	-	-	-	437,011	1,668,546	26.2%
Continuing Executives											
Timothy Burt	2013	431,818	-	11,264	43,182	69,298	-	-	44,842	600,404	7.5%
	2012	323,614	460,275	8,302	32,361	-	-	-	272,115	1,096,667	24.8%
Brian Cole	2013	591,000	400,000	-	59,100	84,157	-	-	61,363	1,195,620	5.1%
Jamie Frankcombe	2013	331,439	-	4,400	33,144	44,949	-	200,000	-	613,932	32.6%
Austen Perrin	2013	590,909	-	11,333	59,091	75,863	-	-	61,363	798,559	7.7%
	2012	456,455	697,990	8,302	45,645	-	-	-	407,715	1,616,107	25.2%
Former Executives											
Tony Galligan	2012	320,920	510,928	-	32,092	-	-	-	309,012	1,172,952	26.3%
Peter Kane****	2013	327,654	-	-	29,489	-	782,636	-	2,747,038	3,886,817	70.7%
	2012	122,371	-	-	2,629	-	-	900,999	2,400,000	3,425,999	96.4%

*Commenced role as Managing Director and CEO on 25 March 2013 ** Ceased role as Managing Director on 24 March 2013 ***Ceased to be a member of KMP on 4 February 2013 ****Ceased 21 December 2012

8 Remuneration report (cont'd)

8.8 Statutory senior executive remuneration table – audited (cont'd)

A. Mr Flynn received $30,000 as a dislocation allowance upon his commencement as Managing Director and Chief Executive Officer in recognition of costs and expenses he had incurred as a result of foregoing another opportunity. Mr Cole was a paid a sign on fee to compensate for remuneration he would forfeit on leaving his previous employer at a time that was critical for WHC**.** The amounts disclosed as cash bonus for FY2012 relate to amounts approved by the Board for performance of KMP during the FY2011 financial year, the FY2012 financial year to 30 April 2012 and retention bonuses as applicable (refer to section 7.4 of the FY2012 Remuneration Report for details). The amounts disclosed as a cash bonus for FY2013

B. The amounts disclosed as non-monetary benefits relate to car spaces, professional fees and other similar items.

C. Refer to section 8.5 of the remuneration report for details of the FY 2013 STI.

D. Mr Frankcombe received a sign on grant of shares in the Company with a face value of $200,000 (subject to a one-year service-based vesting condition). Mr Kane received shares in the Company on 1 May 2012 for no consideration in recognition of the shares he would have been entitled to under his proposed LTI arrangements with his previous employer, Boardwalk Resources. These shares were not subject to any performance conditions. The market price of the Company's shares at the date of grant was $5.18.

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

8 Remuneration report (cont'd)

8.8.1 Movement of performance rights and options – audited

The movement during the reporting period, by number and value, of performance rights over ordinary shares in the Company held by each senior executive is detailed below (except in the case of Mr Kane, who received options over ordinary shares).

Executive	Instrument	Balance as at 1 July 2012	Granted (number)	Granted (value) (A)	Vested (number) *Performance Rights only*	Vested (value) (B) *Performance Rights only*	Exercised (number) *Options only*	Exercised (value) (B) *Options only*	Lapsed (number)	Lapsed (value) (C)	Balance as at 30 June 2013
Timothy Burt	Performance Rights	-	92,457	167,964	-	-	-	-	-	N/A	92,457
Brian Cole	Performance Rights	-	126,521	229,846	-	-	-	-	-	N/A	126,521
Austen Perrin	Performance Rights	-	126,521	229,846	-	-	-	-	-	N/A	126,521
Peter Kane	Options	974,035	-	-	-	-	974,035	2,902,527	-	N/A	-
	Performance Rights	-	145,985	265,206	-	-	-	-	-	N/A	N/A

(A) 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.

(B) The value of options exercised during the period is calculated as the market price of the shares of the Company as at the close of trading on the date the options were exercised, less the price paid upon exercise. No performance rights vested during the period.

(C) The value of performance rights that lapsed during the year represents the benefit forgone and is calculated at the date the performance rights lapsed using the Monte Carlo simulation model. No performance rights lapsed in the year.

8 Remuneration report (cont'd)

8.9 Non-executive Director remuneration - audited

This section explains the remuneration for Non-executive Directors.

8.9.1 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. The constitution of the Company provides that the Non-executive Directors may be paid, as remuneration for their services as Non-executive Directors, a sum determined from time to time by the Company's shareholders in general meeting, with that sum to be divided amongst the Non-executive Directors in such manner and proportion as they agree.

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

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.

8.9.2 Current fee levels and fee pool

In 2012 shareholders approved a total aggregate maximum amount of Non-executive Directors' remuneration of $2,500,000 per annum.

As described in the FY2012 Remuneration Report, Egan Associates were engaged last year to provide guidance and recommendations on the appropriate remuneration arrangements for the merged entity. Changes to the Non-executive Directors' fees, based on the recommendation of Egan Associates, came into effect on 1 May 2012 and therefore applied for the whole of FY2013. The table below sets out the Board and committee fees in Australian dollars as at 30 June 2013. There will be no fee increases for Non-executive Directors in FY2014.

	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 18 of the Annual Report), the Non-executive Directors participated in a number of onsite safety days at Narrabri and site visits to port facilities and underground and open cut mines.

All Directors hold shares in the Company (note 33 to the financial statements discloses each director's shareholding as at 30 June 2013).

8 Remuneration report (cont'd)

8.9 Non-executive Director remuneration – audited (cont'd)

8.9.3 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.

The remuneration shown in the table below for Mr Flynn and Mr Haggarty relates only to their respective periods as Non-executive Directors of the Company. Details of remuneration received in their capacity as Executive Directors are disclosed in section 8.8.

		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)	2013	350,000	-	-	16,470	-	366,470
	2012*	58,333	-	-	2,629	-	60,963
John Conde (Deputy Chairman)	2013	262,500	-	-	16,470		278,970
	2012	306,365	-	-	15,014	-	321,379
Tony Haggarty	2013**	35,000	-	-	-	-	35,000
Philip Christensen	2013	165,000	-	-	14,850	-	179,850
	2012*	27,500	-	-	2,475	-	29,975
Paul Flynn	2013***	204,950[1]	-	-	10,514		215,465
	2012*	26,667	-	-	2,400	-	29,067
Rick Gazzard	2013	172,500			15,525		188,025
	2012*	28,750	-	-	2,588	-	31,338
Christine McLoughlin	2013	177,500	-	-	15,975		193,475
	2012*	29,583	-	-	2,588	-	32,171
Neil Chatfield	2012	201,453	-	-	6,881	-	208,333
Alex Krueger	2012	62,500	-	-	-	-	62,500
Hans Mende	2012	87,933	-	-	-	-	87,933
Total	**2013**	**1,367,450**	**-**	**-**	**89,804**	**-**	**1,457,255**
	2012	**829,084**	**-**	**-**	**34,574**	**-**	**863,658**

*Appointed 3 May 2012 **Appointed 25 March 2013 ***Ceased to be a Non-executive Director on 24 March 2013

[1] Mr Flynn received $88,125 in additional fees for time spent participating in investor roadshow presentations and cost review exercises while he was still a Non-executive Director (and prior to him becoming Managing Director and CEO). Mr Flynn received his director's fee on a pro-rata basis up to 25 March 2013.

9 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 2013, Whitehaven Coal Limited and its controlled entities ('the Group') finalised development at the Narrabri underground mine and commenced operational mining.

10 Significant changes in the state of affairs

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

11 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 other than the following:

The Maules Creek Project received approval from the Federal Government under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) on 11 February 2013. Under the terms of that approval, commencement of construction was conditional on the further approval of subsidiary management plans. Approval of those subsidiary management plans occurred on 4 July 2013, at which time the Maules Creek Project had in place all requisite approvals to commence construction.

Subsequent to balance date, a group represented by the taxpayer funded Environmental Defenders Office commenced proceedings in the Federal Court against the Federal Minister for the Environment and the Company challenging the validity of the approval granted by the Federal Minister for the Company's Maules Creek Project.

The Application filed with the Federal Court contends that the Minister committed errors of law in granting the approval on 11 February 2013. In this litigation, the Federal Court has jurisdiction to determine whether the Federal Minister committed an error of law in granting the approval.

A hearing date has been scheduled for mid September 2013 and is expected to take three days. The judgement is likely to be handed down about a month after the hearing.

12 Share options

12.1 Shares issued on exercise of options

During the reporting period employees and executives have exercised options to acquire 974,035 fully paid ordinary shares in Whitehaven Coal Limited at a weighted average exercise price of $0.0001 per share. For details of shares issued to key management personnel on exercise of options refer to section 8 of the Directors' report.

12.2 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. For details of options issued to key management personnel refer to section 8 of the Directors' report.

13 Indemnification and insurance of officers

13.1 Indemnification

The Company has agreed to indemnify all current and former directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

13.2 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 against certain liability (subject to certain exclusions) persons who are or have been directors or officers of the Company or its controlled entities.

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.

14 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.

15 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 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.

15 Non-audit services (cont'd)

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 2013**	**Consolidated 2012**
Non-audit services		
Ernst & Young		
Due diligence services	235,500	559,586
Taxation services - MRRT	193,553	437,750
Other non-audit services	120,479	-
	549,532	997,336

16 Lead auditor's independence declaration

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

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

1. A new independent partner will be appointed for the 2014 year end.
2. Extending the time period of the Lead Partner allows the preservation of knowledge on the engagement given the changes in operations and the Board and Audit 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 Lead auditor's independence declaration is set out on page 51 and forms part of the Directors' report for financial year ended 30 June 2013.

17 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.

Signed in accordance with a resolution of the directors:

Mark Vaile
Chairman
Dated at Sydney this 27th day of August 2013

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2013 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
Sydney
27 August 2013

Whitehaven Coal Limited and its controlled entities
Statement of comprehensive income
For the year ended 30 June 2013

In thousands of AUD ($'000)	Note	Consolidated 2013	2012
Revenue	*8*	**622,159**	**618,087**
Operating expenses		(513,209)	(404,184)
Depreciation and amortisation		(58,538)	(39,674)
Cost of sales		**(571,747)**	**(443,858)**
Gross profit		**50,412**	**174,229**
Other income	*9*	11,344	133,213
Selling and distribution expenses		(97,211)	(71,330)
Other expenses	*10*	(194)	(34,504)
Administrative expenses		(33,951)	(175,596)
Profit/(loss) before financing income / (expense)		**(69,600)**	**26,012**
Financial income	*12*	7,496	35,096
Financial expenses	*12*	(53,019)	(47,206)
Net financing expense	*12*	**(45,523)**	**(12,110)**
Profit/(loss) before tax		**(115,123)**	**13,902**
Income tax (expense)/benefit	*13a)*	32,959	48,637
Net profit/(loss) for the year		**(82,164)**	**62,539**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges		(9,049)	(44,020)
Income tax effect	*13b)*	2,715	13,206
Other comprehensive (loss) / income for the year, net of tax		**(6,334)**	**(30,814)**
Total comprehensive (loss) / income for the year		**(88,498)**	**31,725**
Net Profit/(loss) attributable to:			
Owners of the parent		(82,164)	62,539
Non-controlling interests		-	-
		(82,164)	**62,539**
Total comprehensive income / (loss) attributable to:			
Owners of the parent		(88,498)	31,725
Non-controlling interests		-	-
		(88,498)	**31,725**
Earnings / (loss) per share:			
Basic earnings/(loss) per share (cents per share)	*35*	**(8.4)**	**10.9**
Diluted earnings/(loss) per share (cents per share)	*35*	**(8.4)**	**10.9**

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 2013

In thousands of AUD ($'000)	**Note**	**Consolidated 2013**	**2012**
Assets			
Cash and cash equivalents	*14*	110,516	513,625
Trade and other receivables	*15*	87,297	70,192
Inventories	*16*	58,235	37,973
Investments	*18*	-	6,899
Current tax receivable	*13*	-	7,530
Deferred stripping		97,381	99,601
Derivative financial instruments	*17*	120	6,274
Total current assets		**353,549**	**742,094**
Trade and other receivables	*15*	37,843	15,521
Investments	*18*	1,052	5,628
Property, plant and equipment	*19*	3,115,176	2,945,301
Exploration and evaluation	*20*	574,459	532,181
Intangible assets	*21*	99,696	102,540
Total non-current assets		**3,828,226**	**3,601,171**
Total assets		**4,181,775**	**4,343,265**
Liabilities			
Trade and other payables	*22*	137,266	252,860
Interest-bearing loans and borrowings	*23*	25,242	294,416
Employee benefits	*24*	11,107	11,639
Current tax payable	*13*	13,935	-
Provisions	*25*	43,642	15,341
Derivative financial instruments	*17*	4,938	2,053
Total current liabilities		**236,130**	**576,309**
Non-current liabilities			
Interest-bearing loans and borrowings	*23*	556,838	195,030
Deferred tax liabilities	*13*	42,122	77,449
Provisions	*25*	49,409	70,209
Total non-current liabilities		**648,369**	**342,688**
Total liabilities		**884,499**	**918,997**
Net assets		**3,297,276**	**3,424,268**
Equity			
Issued capital	*26(a)*	3,146,301	3,116,769
Share-based payments reserve		71,371	67,696
Hedge reserve		(3,372)	2,962
Retained earnings		69,798	181,337
Equity attributable to owners of the parent		3,284,098	3,368,764
Non-controlling interest		13,178	55,504
Total equity attributable to equity holders of the parent		**3,297,276**	**3,424,268**

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 2013

Consolidated *In thousands of AUD ($'000)*	**Note**	**Issued Capital**	**Share-based payments reserve**	**Hedge reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Opening balance at 1 July 2011		**591,339**	**24,358**	**33,776**	**391,063**	**1,040,536**	**-**	**1,040,536**
Profit for the period		-	-	-	62,539	62,539		62,539
Other comprehensive income		-	-	(30,814)	-	(30,814)	-	(30,814)
Total comprehensive income for the period		-	-	(30,814)	62,539	31,725	-	31,725
Transactions with owners in their capacity as owners:							-	
Dividends paid	*26*	-	-	-	(272,265)	(272,265)	-	(272,265)
Share-based payments	*32*	-	10,420	-	-	10,420	-	10,420
Acquisition of subsidiary	*26*	2,509,988	32,918	-	-	2,542,906	100,942	2,643,848
Acquisition of non-controlling interest		-	-	-	-	-	(45,438)	(45,438)
Share options exercised	*26*	16,200	-	-	-	16,200	-	16,200
Costs of shares issued, net of tax	*26*	(758)	-	-	-	(758)	-	(758)
Closing balance at 30 June 2012		**3,116,769**	**67,696**	**2,962**	**181,337**	**3,368,764**	**55,504**	**3,424,268**
Opening balance at 1 July 2012		**3,116,769**	**67,696**	**2,962**	**181,337**	**3,368,764**	**55,504**	**3,424,268**
Profit/(Loss) for the period		-	-	-	(82,164)	(82,164)	-	(82,164)
Other comprehensive income		-	-	(6,334)	-	(6,334)	-	(6,334)
Total comprehensive income for the period		-	-	(6,334)	(82,164)	(88,498)	-	(88,498)
Transactions with owners in their capacity as owners:							-	
Dividends paid	*26*	-	-	-	(29,375)	(29,375)	-	(29,375)
Share-based payments	*32*	-	3,675	-	-	3,675	-	3,675
Acquisition of subsidiary	*26*	29,594	-	-	-	29,594	-	29,594
Acquisition of non-controlling interest		-	-	-	-	-	(42,326)	(42,326)
Costs of shares issued, net of tax	*26*	(62)	-	-	-	(62)	-	(62)
Closing balance at 30 June 2013		**3,146,301**	**71,371**	**(3,372)**	**69,798**	**3,284,098**	**13,178**	**3,297,276**

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 2013

In thousands of AUD ($'000)	**Note**	**Consolidated 2013**	**2012**
Cash flows from operating activities			
Cash receipts from customers		620,415	629,321
Cash paid to suppliers and employees		(636,620)	(626,865)
Cash generated from operations		(16,205)	2,456
Cash paid in respect of transaction costs		(3,542)	(57,491)
Interest paid		(38,005)	(24,540)
Interest received		3,593	5,968
Income taxes refunded / (paid)		21,839	2,427
Net cash from / (used in) operating activities	*30*	**(32,320)**	**(71,180)**
Cash flows from investing activities			
Proceeds from sell down of Narrabri project		-	44,130
Proceeds from sell down of Maules Creek JV (net of cash disposed)		-	369,461
Proceeds from sale of property, plant and equipment		2,557	86
Acquisition of property, plant and equipment		(262,157)	(267,169)
Acquisition of intangible assets		-	(152)
Acquisition of Coalworks Limited		(154,880)	-
Proceeds from sale of investments		6,991	8,464
Exploration and evaluation expenditure		(26,040)	(11,183)
Cash acquired on business combinations		-	207,399
Contract guarantee security		-	669
Proceeds from repayments of loans advanced		1,557	2,111
Net cash from / (used in) investing activities		**(431,972)**	**353,816**
Cash flows from financing activities			
Proceeds from the exercise of share options	*26*	-	16,200
Proceeds from issue of share capital to non-controlling interests		-	7,673
Transaction costs paid on issue of share capital		(89)	(1,083)
Proceeds from borrowings		455,250	351,949
Repayment of borrowings		(348,217)	(62,114)
Payment of finance lease liabilities		(16,386)	(16,973)
Dividends paid	*26*	(29,375)	(272,265)
Net cash from/(used in) financing activities		**61,183**	**23,387**
Net change in cash and cash equivalents		(403,109)	306,023
Cash and cash equivalents at 1 July		513,625	207,602
Cash and cash equivalents at 30 June	*14*	**110,516**	**513,625**

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 2013 was authorised for issue in accordance with a resolution of the directors on 27 August 2013. 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.

As outlined in Note 38 as a result of the finalisation of acquisition accounting in relation to certain assets comparative information has been restated. The presentation of financial information may also differ to the previous financial report to facilitate comparability of current year financial information.

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 are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations where applicable from 1 July 2012.

- AASB 2013-2 'Amendments to AASB 1038 – *Regulatory Capital*'
- AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: *Recovery of Underlying Assets'* [AASB 112]
- AASB 2011-9 'Amendments to Australian Accounting Standards -Presentation of Other Comprehensive Income' [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

3 Summary of significant accounting policies (cont'd)

New accounting standards and interpretations (cont'd)

(i) Changes in accounting policy and disclosures (cont'd)

Where the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 2013-2 'Amendments to AASB 1038 – Regulatory Capital'

This Standard makes amendments to AASB 1038 Life Insurance Contracts as a consequence of changes to the Australian Prudential Regulation Authority's reporting requirements relating to life insurers, particularly Prudential Standard LPS 110 Capital Adequacy, applicable from 1 January 2013.

The adoption of this amendment did not have any impact on the financial position or performance of the Group.

AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets' [AASB 112]

These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes - Recovery of Revalued Non-Depreciable Assets into AASB 112.

The adoption of this amendment did not have any impact on the financial position or performance of the Group.

AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' [AASB 1, 5, 7, 101, 112, 121, 132, 133, 134, 1039 & 1049]

This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the adoption of this amendment did not have any impact on the financial position or performance of the Group.

(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 ending 30 June 2013 are outlined below:

AASB 10 Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 21012-10. The amendments become effective for the consolidated entity's 30 June 2014 financial statements

Based on the directors' preliminary assessment, when the Group applies the amendments to AASB 10 for the first time for the year ending 30 June 2014, there will not be a material impact on the financial position or performance of the Group.

3 Summary of significant accounting policies (cont'd)

New accounting standards and interpretations (cont'd)

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

AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation.

Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. The amendments become effective for the consolidated entity's 30 June 2014 financial statements.

Based on the directors' preliminary assessment, when the Group applies the amendments to AASB 11 for the first time for the year ending 30 June 2014, there will not be a material impact on the financial position or performance of the Group.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

The amendments become effective for the consolidated entity's 30 June 2014 financial statements

Based on the directors' preliminary assessment, when the Group applies the amendments to AASB 12 for the first time for the year ending 30 June 2014, there will be no impact on the financial position or performance of the Group, however the application may result in more extensive disclosures in the financial statements.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. It also expands the disclosure requirements for all assets or liabilities carried at fair value. Consequential amendments were also made to other standards via AASB 2011-8. The amendments become effective for the consolidated entity's 30 June 2014 financial statements.

The directors anticipate that AASB 13 will be adopted in the Group's consolidated financial statements for the annual period ending 30 June 2014 and that the application of the new Standard will not have a material impact on the financial position or performance of the Group, however may result in more extensive disclosures in the financial statements.

AASB 119 Employee Benefits

The main change introduced by this standard is to revise the accounting for defined benefit plans. The revised standard also changes the definition of short-term employee benefits. Consequential amendments were also made to other standards via AASB 2011-10. The amendments become effective for the consolidated entity's 30 June 2014 financial statements

The amendments to AASB 119 require retrospective application. Based on the directors' preliminary assessment, when the Group applies the amendments from AASB 119 for the first time for the year ending 30 June 2014, there will not be a material impact on the financial position or performance of the Group.

3 Summary of significant accounting policies (cont'd)

New accounting standards and interpretations (cont'd)

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

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine (IFRIC20)

This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable that future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset".

The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.

Effective 1 July 2013 the consolidated entity will revise its accounting policy in relation to overburden in advance to comply with the requirements of IFRIC20. The consolidated entity currently uses an average life of mine strip ratio for open cut mines. Whitehaven's new accounting policy will use a strip by strip analysis when calculating the amount of deferred stripping costs. Preliminary results of this analysis indicate that a material adjustment is likely to arise to the overburden in advance currently recorded as an asset, however as the results are not consistent across individual mines and are dependent on adoption of revised life of mine models, the quantum of the adjustment to retained earnings is currently not determinable.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met. The amendments become effective for the consolidated entity's 30 June 2014 financial statements.

Based on the directors' preliminary assessment, when the Group applies the amendments to AASB 2012-2 for the first time for the year ending 30 June 2014, there will not be a material impact on the financial position or performance of the Group.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle

AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following:

- Repeat application of AASB 1 is permitted (AASB 1)
- Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).

The amendments become effective for the consolidated entity's 30 June 2014 financial statements. The Group expects no impact on its financial position, performance, disclosures or stated accounting policies from the adoption of these amendments.

3 Summary of significant accounting policies (cont'd)

New accounting standards and interpretations (cont'd)

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

AASB 2012-9 Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039

AASB 2012-9 amends AASB 1048 Interpretation of Standards to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.

The amendments become effective for the consolidated entity's 30 June 2014 financial statements. The Group expects no impact on its financial position, performance, disclosures or stated accounting policies from the adoption of these amendments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]

This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The amendments become effective for the consolidated entity's 30 June 2014 financial statements

Based on the directors' preliminary assessment, when the Group applies the amendments to AASB 2011-4 for the first time for the year ending 30 June 2014, there will be no impact on the financial position or performance of the Group, however the application may result in changes to disclosures in the financial statements.

AASB 1053 Application of Tiers of Australian Accounting Standards

This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements:

(a) Tier 1: Australian Accounting Standards

(b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements

Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.

The amendments become effective for the consolidated entity's 30 June 2014 financial statements. The Group expects no impact on its financial position, performance, disclosures or stated accounting policies from the adoption of these amendments.

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 amendments become effective for the consolidated entity's 30 June 2015 financial statements.

Based on the directors' preliminary assessment, when the Group applies the amendments to AASB 2012-3 for the first time for the year ending 30 June 2015, there will not be a material impact on the financial position or performance of the Group.

3 Summary of significant accounting policies (cont'd)

New accounting standards and interpretations (cont'd)

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

Interpretation 21 Levies (IFRIC21)

This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation. The amendments become effective for the consolidated entity's 30 June 2015 financial statements.

Based on the directors' preliminary assessment, when the Group applies the amendments for the first time for the year ending 30 June 2015, there will not be a material impact on the financial position or performance of the Group.

AASB 9 Financial Instruments

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances.

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 and 2010-10. The amendments become effective for the consolidated entity's 30 June 2016 financial statements. The consolidated entity has not yet determined the potential impact of the amendments on the consolidated entity's financial report.

3 Summary of significant accounting policies (cont'd)

a) Basis of consolidation

The consolidated financial report of the Company for the financial year ended 30 June 2013 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 the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable are considered when assessing control. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. 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'd)

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 5-21 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.

3 Summary of significant accounting policies (cont'd)

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.

Inventory 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.

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.

3 Summary of significant accounting policies (cont'd)

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 and 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.

i) Property, plant and equipment

(i) Recognition and measurement

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

3 Summary of significant accounting policies (cont'd)

i) Property, plant and equipment (cont'd)

(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.

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. Correspondingly, revenue from the sale of Narrabri development coal is capitalised on the statement of financial position until longwall production reaches operational levels.

Mineral reserves and capitalised mine development expenditure are, upon commencement of 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 either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. 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 allocated to cash-generating units to which the exploration activity related. The cash generating unit shall not be larger than the area of interest.

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.

3 Summary of significant accounting policies (cont'd)

k) Intangible assets (cont'd)

(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.

(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.

(vi) Goodwill

Goodwill is recognised when the fair value of consideration paid for a business combination exceeds the fair value of the Group's share of the identifiable net assets acquired. Goodwill is not amortised, however its carrying amount is assessed annually for impairment.

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.

3 Summary of significant accounting policies (cont'd)

m) Leases (cont'd)

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.

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.

3 Summary of significant accounting policies (cont'd)

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. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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'd)

r) Provisions (cont'd)

(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 Narrabri development coal is being offset against development costs capitalised on the statement of financial position until longwall production reaches operational 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'd)

t) Revenue and other income recognition (cont'd)

(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 jointly controlled entities 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'd)

v) Income tax (cont'd)

(i) Mineral 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 is considered, for accounting purposes, to be a tax based on income. Accordingly, the current and deferred MRRT expense is measured and disclosed on the same basis as income tax. The MRRT is effective from 1 July 2012 however as financial reporting considerations must be made from the date of Royal Assent, the Group has recognised the impact of deferred tax originating from MRRT since 30 June 2012.

(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'd)

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.

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 which does not exceed the estimated mine life based on proved and probable mineral reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. 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.

4 Significant accounting judgements, estimates and assumptions (cont'd)

Carrying value of assets (cont'd)

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.

Inventories

Costs that are incurred in or benefit the productive process are accumulated as stockpiles. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing and long-term sale prices, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the tonnes of contained anthracite are based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. Although the quantities of recoverable anthracite are reconciled, the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result the process is constantly monitored and the engineering estimates are refined based on actual results over time. The related carrying amounts are disclosed in note 16.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of foreign currency options is the estimated amount the consolidated entity would pay or receive to terminate the derivative at the balance date, taking into account quoted market rates and the current creditworthiness of the counterparties.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

4 Significant accounting judgements, estimates and assumptions (cont'd)

Share-based payment transactions

The consolidated entity measures the cost of equity settled transactions with employees and director related entities by reference to the fair value of the equity instruments at the date at which they are granted.

The fair value of services received in return for share options granted to the directors and senior employees is based on the fair value of share options granted, measured using a Black Scholes model (for options) or a Monte Carlo simulation model, incorporating the probability of the performance hurdles being met (for Share Acquisition Rights).

Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information of publicly listed companies operating in the same industry with similar operating characteristics), weighted average expected life of the instruments (based on historical experience of similar instruments and similar option holder characteristics), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

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.

Overburden in advance

The consolidated entity defers advanced stripping costs incurred during the production stage of its operations. This calculation involves the use of judgements and estimates such as estimates of the tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result. Changes in a mine's life and design will usually result in changes to the expected stripping ratio (waste to mineral reserves ratio). These changes are accounted for prospectively.

Recovery of deferred tax assets

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.

4 Significant accounting judgements, estimates and assumptions (cont'd)

Taxation (Including MRRT)

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.

Mineral Resource Rent Tax (MRRT)

The MRRT legislation allows for a starting base allowance, which will be amortised and applied against the future MRRT liability. The starting base allowance is calculated as the market value of the mining and pre-mining project interests and underlying upstream project assets as at 1 May 2010. The starting base is designed to recognise investments in assets that relate to the upstream activities of a mining project interest or pre-mining project interest (starting base assets) that existed before 2 May 2010. For accounting purposes, the starting base allowance represents the MRRT tax base of the mining project interest or pre-mining project interest. The market value of the starting base was determined using a discounted cash flow methodology that requires significant judgements and estimates including:

- forecast production profiles;
- forecast future coal prices determined with reference to independent resource sector analysts;
- the calculation of appropriate discount rates;
- expected royalty rates payable; and
- the reserves estimates for the mines.

Australian Government's Carbon Pricing Mechanism

The Australian Government's *Clean Energy Act 2011* introduced a Carbon Pricing Mechanism beginning on July 1st, 2012. The carbon price has the potential to significantly impact the assumptions used for the purpose of the value in use calculations in asset impairment testing. The Group has re-assessed the potential impact in its impairment testing at 30 June 2013, and does not believe any impairment of assets would be required. The carrying amount of the assets that could be affected by the implementation of the government's proposed emissions trading scheme as at 30 June 2013 are disclosed in note 19.

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 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 a sound capital position.

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 capital plus net debt.

In thousands of AUD

	2013	**2012**
Interest-bearing loans and borrowings	582,080	489,446
Less: cash and cash equivalents	(110,516)	(513,625)
Net debt	471,564	(24,179)
Equity	3,297,276	3,424,268
Total capital	3,297,276	3,424,268
Capital and net debt	**3,768,840**	**3,400,089**
Gearing ratio	13%	0%

5 Financial risk management objectives and policies (cont'd)

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 2013 was a liability of $4,938,000 (2012: $4,221,000 asset), comprising assets and liabilities that were recognised as fair value derivatives.

At 30 June 2013, 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	**USD**	**USD**
	30 June 2013	**30 June 2012**
Cash	25,682	31,801
Trade and other receivables	38,212	27,582
Trade and other payables	(21,030)	(5,086)
Finance lease liabilities	(8,637)	(11,421)
Net statement of financial position exposure	34,227	42,876

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	**2013**	**2012**	**2013**	**2012**
USD	1.0271	1.0319	0.9275	1.0191
EUR	0.7949	0.7707	0.7095	0.8092

5 Financial risk management objectives and policies (cont'd)

Risk exposures and responses (cont'd)

Foreign currency risk (cont'd)

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 2012.

Effect in thousands of AUD	**Consolidated**	
	Equity	**Profit or (loss)**
30 June 2013		
USD	6,710	(3,355)
EUR	-	-
30 June 2012		
USD	13,288	(3,825)
EUR	(606)	-

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 2012.

Effect in thousands of AUD	**Consolidated**	
	Equity	**Profit or loss**
30 June 2013		
USD	(8,201)	3,690
EUR	-	-
30 June 2012		
USD	(16,241)	4,207
EUR	606	-

5 Financial risk management objectives and policies (cont'd)

Risk exposures and responses (cont'd)

Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents, trade and other 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	***Note***	**Carrying amount 2013**	**Carrying amount 2012**
Cash and cash equivalents	*14*	110,516	513,625
Trade and other receivables	*15*	125,140	85,713
Derivative financial instruments	*17*	120	6,274
Investments	*18*	1,052	12,527
		236,828	618,139

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

In thousands of AUD	**Carrying amount 2013**	**Carrying amount 2012**
Asia	30,191	25,505
Europe	12,058	15
Australia	7,529	12,352
	49,778	37,872

Trade and other 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 42.1% of the consolidated entity's revenue is attributable to sales transactions with three customers (2012: 48.3% with three customers).

More than 70 percent of the consolidated entity's customers have been transacting with the consolidated entity for over five years, and losses have occurred infrequently. The remaining trade and other receivables relate mainly to coal customers.

The consolidated entity does not require collateral in respect of trade and other 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 and other receivables of $58,000 during the year ended 30 June 2013 (2012: Nil).

5 Financial risk management objectives and policies (cont'd)

Risk exposures and responses (cont'd)

Credit risk (cont'd)

Impairment losses

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

In thousands of AUD	**Gross 2013**	**Impairment 2013**	**Gross 2012**	**Impairment 2012**
Not past due	43,121	-	31,614	-
Past due 0-30 days	5,443	-	4,051	-
Past due 31-120 days	396	-	1,296	-
Past due 121 days to one year	839	(58)	874	-
More than one year	37	-	37	-
	49,836	(58)	37,872	-

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 $1,200,000 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'd)

Risk exposures and responses (cont'd)

Liquidity risk (cont'd)

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

	Consolidated 30 June 2013						
In thousands of AUD	**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	79,352	99,836	12,070	11,000	22,071	54,695	-
Interest-bearing liabilities	502,728	513,759	5,589	5,492	10,662	474,471	17,545
Trade and other payables	137,266	137,266	137,266	-	-	-	-
Forward exchange contracts:							
Outflow	73,804	74,386	74,386	-	-	-	-
Inflow	(68,866)	(69,409)	(69,409)	-	-	-	-
	724,284	755,838	159,902	16,492	32,733	529,166	17,545

	Consolidated 30 June 2012						
In thousands of AUD	**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	83,501	108,182	11,413	10,616	20,676	29,862	35,615
Interest-bearing liabilities	405,945	417,907	275,822	6,702	25,587	104,454	5,342
Trade and other payables	252,860	252,860	241,735	10,000	1,125	-	-
Forward exchange contracts:							
Outflow	152,584	154,690	103,756	50,934	-	-	-
Inflow	(156,804)	(158,985)	(106,375)	(52,610)	-	-	-
	738,086	774,654	526,351	25,642	47,388	134,316	40,957

5 Financial risk management objectives and policies (cont'd)

Risk exposures and responses (cont'd)

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	
In thousands of AUD	**Carrying amount**	
	2013	**2012**
Fixed rate instruments		
Financial liabilities	(79,352)	(83,501)
	(79,352)	(83,501)
Variable rate instruments		
Financial assets	110,516	513,625
Financial liabilities	(502,728)	(405,945)
	(392,212)	107,680
Net exposure (post tax)	(471,564)	24,179

Cash flow 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 2012.

Effect in thousands of AUD	**Profit or loss**	
	100bp increase	**100bp Decrease**
30 June 2013		
Variable rate instruments	(3,922)	3,922
Cash flow sensitivity (net)	(3,922)	3,922
30 June 2012		
Variable rate instruments	1,077	(1,077)
Cash flow sensitivity (net)	1,077	(1,077)

	Equity	
	100bp increase	**100bp Decrease**
30 June 2013		
Variable rate instruments	1,648	(1,745)
Cash flow sensitivity (net)	1,648	(1,745)
30 June 2012		
Variable rate instruments	-	-
Cash flow sensitivity (net)	-	-

5 Financial risk management objectives and policies (cont'd)

Risk exposures and responses (cont'd)

Commodity price risk

The consolidated entity'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.

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	**30 June 2013**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Interest rate swaps – receivable	120	-	120	-
Equity shares	1,052	1,015	37	-
Liabilities measured at fair value				
Forward exchange contracts – payable	(4,938)	**-**	(4,938)	-
	30 June 2012	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Forward exchange contracts – receivable	6,274	-	6,274	-
Equity shares	5,628	4,418	-	1,210
Preference shares	6,899	-	-	6,899
Liabilities measured at fair value				
Forward exchange contracts – payable	(2,053)	**-**	(2,053)	-

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 carrying values of financial assets and financial liabilities recorded in the financial statements 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'd)

Risk exposures and responses (cont'd)

Net Fair Values (cont'd)

During the year the Group held preference shares and equity shares as available for sale financial instruments classified as level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below:

Reconciliation of fair value measurements of Level 3 financial instruments

In thousands of AUD

	Unlisted preference shares	**Unlisted shares**
At 1 July 2011	14,866	1,210
Sales	(8,464)	-
Total gains and losses recognised in OCI including FX	497	-
At 30 June 2012	**6,899**	**1,210**
At 1 July 2012	6,899	1,210
Sales	(6,991)	(1,173)
Total gains and losses recognised in OCI including FX	92	-
At 30 June 2013	**-**	**37**

Financial assets and liabilities by categories

In thousands of AUD		**2013**			**2012**		
Consolidated Entity	Note	Loans & receivables[1]	Available for sale	Other	Loans & receivables[1]	Available for sale	Other
Financial assets							
Cash and cash equivalents	14	110,516	-	-	513,625	-	-
Trade and other receivables	15	125,140	-	-	85,713	-	-
Investments	18	-	1,015	37	-	11,317	1,210
Other financial assets[2]	17	-	-	120	-	-	6,274
Total financial assets		235,656	1,015	157	599,338	11,317	7,484
Financial liabilities							
Trade and other payables	22	137,266	-	-	252,860	-	-
Borrowings	23	582,080	-	-	489,446	-	-
Other financial liabilities[2]	17	-	-	4,938	-	-	2,053
Total financial liabilities		719,346	-	4,938	742,306	-	2,053

[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 $0.1 million (2012: $6.3 million) relating to derivatives that qualified as being in a hedging relationship. Similarly, other financial liabilities include amounts of $4.9 million (2012: $2.1 million)

6 Segment reporting

a) Identification of reportable segments

The Group has identified its operating 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 operating segments are identified by management based on 'operations at individual mine sites'. Discrete financial information about each of these operating segments is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by mining operations. The Group has determined that it has two reportable segments: Open Cut Operations and Underground Operations.

The following table represents revenue and profit information for reportable segments for the years ended 30 June 2013 and 30 June 2012. 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.

In thousands of AUD	**Open cut operations**	**Underground operations**	**Total**
Year ended 30 June 2013			
Revenue			
Sales to external customers	457,261	164,371	621,632
Total segment revenue	457,261	164,371	621,632
Difference in treatment of foreign exchange on hedges			527
Total revenue per statement of comprehensive income			622,159
Result			
Segment result	9,071	(1,032)	8,039
Depreciation and amortisation			(58,538)
Income tax benefit / (expense)			32,959
Significant items before income tax			(29,651)
Net interest expense			(34,973)
Net profit/(loss) after tax per statement of comprehensive income			(82,164)

Capital expenditure for the year amounted to $139,344,000 for open cut operations and $26,962,000 for underground operations.

6 Segment reporting (cont'd)

In thousands of AUD	**Open cut operations**	**Underground operations**	**Total**
Year ended 30 June 2012			
Revenue			
Sales to external customers	621,093	25,337	646,430
Total segment revenue	621,093	25,337	646,430
Capitalisation of Narrabri development production revenue			(25,337)
Difference in treatment of foreign exchange on hedges			(3,006)
Total revenue per statement of comprehensive income			618,087
Result			
Segment result	150,690	-	150,690
Depreciation and amortisation			(39,674)
Income tax expense			48,637
Significant items before income tax			(81,149)
Net interest expense			(15,965)
Net profit after tax per statement of comprehensive income			62,539

Capital expenditure for the 2012 year amounted to $64,191,000 for open cut operations and $54,766,000 for underground operations.

Other segment information

Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographic location based on the location of the customers.

In thousands of AUD	**2013**	**2012**
Total segment revenue		
China	57,896	61,688
India	21,661	52,886
Japan	185,330	203,619
Korea	155,934	13,567
Taiwan	-	84,615
UK	108,285	111,652
USA	-	19,269
Other	40,504	16,652
Australia[1]	30,053	58,426
Domestic	21,969	24,056
Total revenue	621,632	646,430

[1] Includes FOB contracts to Australian intermediaries who on-sell export coal

Total revenue by product		
Thermal	459,975	426,287
PCI	139,688	196,087
Domestic	21,969	24,056
Total revenue	621,632	646,430

Major customers

The Group has three major customers which account for 42.1% 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.

In thousands of AUD	**Consolidated 2013**	**Consolidated 2012**
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]	(25,768)	-
Loss on coal trading for legacy contracts[2] – purchased coal	-	(7,494)
	(25,768)	(7,494)
Other income:		
Gain on sale of joint venture interest[3]	-	116,175
Other expenses:		
Loss on coal trading for legacy contracts[2] – contract settlements	-	(21,922)
Share-based payment expense[4]	(2,441)	(7,568)
	(2,441)	(29,490)
Administrative expenses:		
Due diligence costs and project costs[5]	(1,442)	(41,377)
Impairment of goodwill from acquisition of Boardwalk Resources[6]	-	(119,791)
CSN Claim settlement[7]	-	(1,514)
	(1,442)	(162,682)
Significant items before tax and financing	**(29,651)**	**(83,491)**
Financial income		
Net unrealised foreign exchange gain on translation of EDF receivable[8]	-	23,867
	-	23,867
Financial expenses		
Net realised foreign exchange losses on EDF receipts[8]	-	(21,525)
Significant items before tax	**(29,651)**	**(81,149)**
Applicable income tax (expense)/benefit	8,163	(15,593)
Initial recognition of MRRT starting base temporary differences[9]	-	101,500
Significant items after tax	**(21,488)**	**4,758**

7 Significant Items (cont'd)

[1] During the current year, mining activities at the Sunnyside mine were suspended indefinitely, open cut operations were restructured, and the Company's Business Development Unit and Brisbane presence were scaled back. The cost relates to deferred stripping, inventory, mining property and development and exploration assets that have been written off, and costs incurred in the restructure and closure of the operations.

During the year, the Company informed the market that these developments were to be undertaken and believes the disclosure of the costs associated provides readers of the financial statements with further meaningful insights to understand the financial performance of the Group.

[2] During the prior year, coal purchases and contract settlements were required to fulfil legacy contracts, over and above what had been taken up in the prior year provision. These additional purchases and financial settlements resulted in a significant loss before tax of $29.4 million, made up of $7.5m of losses on sales of purchased coal and $21.9m of losses on contract settlements.

The Company believes the disclosure of the coal purchase costs and contract settlements provides readers of the financial statements with further meaningful insights to understand the financial performance of the Group.

[3] During the prior year, the Company sold a 10% joint venture interest in the Maules Creek Project to J-Power Australia Limited (J-Power), a wholly owned subsidiary of Electric Power Development Co. Ltd., for A$370 million, realising a gain on sale of $116.2 million. The sale took the Company's interest in the project down to 75%.

The Company believes the disclosure of the income from the disposal provides readers of the financial statements with further meaningful insights to understand the financial performance of the Group.

[4] As a result of the acquisition of Boardwalk Resources, the Company issued share options to a key employee of Boardwalk in lieu of proposed long-term incentive arrangements. The related expense has been recognised over the vesting period of the options. The options fully vested during the current year. During the prior year the expense related to executive shares and executive options issued in 2009 which were classified as significant. The expense was recognised over the vesting period of the options, which ended during the previous year.

The Company believes the disclosure of the costs associated with these incentive arrangements, which were provided outside what would ordinarily be provided under the Company's long-term incentive arrangements, provides readers of the financial statements with further meaningful insights to understand the financial performance of the Group.

[5] During the current year the Group incurred transaction costs related to the acquisition of Coalworks Limited and due diligence costs incurred in responding to an indicative and non-binding proposal which was not forthcoming. During the prior year the Group incurred transaction costs related to the merger with Aston Resources ($31.0m) and acquisition of Boardwalk Resources ($7.7m) and Coalworks Limited ($2.7m).

The Company believes the disclosure of the transaction costs associated with the Corporate entity provides readers of the financial statements with further meaningful insights to understand the financial performance of the Group.

[6] Following the acquisition of Boardwalk Resources in the prior year the company was required to undertake a fair value exercise of the assets and liabilities acquired. It was identified that the consideration paid by the Company was greater than the fair value of identifiable net assets acquired. The balance was initially booked as goodwill and subsequently impaired. Goodwill arose predominately from the requirements that consideration be based on the share price of Whitehaven at the date control changed which was significantly higher than at the time of the offer. In addition, accounting standards also require contingent consideration to be recorded at acquisition assuming that such amounts will be paid, adjusted for probability.

The Company believes the disclosure of the impairment costs associated with the Boardwalk acquisition provides readers of the financial statements with further meaningful insights to understand the financial performance of the Group.

[7] The consolidated entity received a claim in June 2008 in relation to the performance of its obligations under a coal sales contract. The claim was settled on 1 July 2011 for an amount of US$1,625,000.

[8] A receivable arising on a previous sell down of the Narrabri North Project was denominated in US$ and discounted on initial recognition. During the previous year the receivable was fully unwound and a net foreign exchange gain realised on receipt of the outstanding amounts.

[9] During the prior year the federal government implemented the Mineral Resources Rent Tax regime. Under the requirements of AASB 112, the initial recognition of temporary differences between book and tax starting base values is required to be brought to account. In undertaking its starting base valuation the Company identified temporary differences which resulted in the recognition of an MRRT deferred tax asset of $145.0m and a corporate tax deferred tax liability of $43.5m. The net amount of $101.5m was recognised as an income tax benefit in the year ended 30 June 2012.

The Company believes the disclosure of the income tax benefit associated with recognition of an MRRT deferred tax asset provides readers of the financial statements with further meaningful insights to understand the financial performance of the Group.

In thousands of AUD	**Consolidated**	
	2013	**2012**
8 Revenue		
Sale of coal	622,159	618,087
9 Other income		
Before significant items:		
Hire of plant	4,951	4,947
Rental income	1,111	529
Gain on Sale of Non-Current assets	138	-
Unrealised gain on investments	-	4,766
Sundry income[1]	5,144	6,796
	11,344	17,038
Significant items:		
Gain on sale of interest in Maules Creek JV[2]	-	116,175
	-	116,175

[1] Included within sundry income is $4.3 million (2012: $6.0 million) of the Group's share of income from the Blackjack Carbon Joint Venture.
[2] During the year ended 30 June 2012 the Group sold 10% of its interest in the Maules Creek joint venture. Refer to Note 7 for further details of this transaction.

10 Other expenses		
Payments for unfulfilled legacy contracts[1]	-	22,813
Share based compensation payments	3,675	10,420
Loss on sale of non-current assets	-	1,271
Write back of claim settlement costs[2]	(3,481)	-
	194	34,504

[1]This expense relates to the cost of financial settlements of legacy contracts which could not be filled with either Whitehaven coal or purchased coal in the prior year. The legacy contracts were fixed price, term contracts entered into in 2005-06 with various coal trading companies and have been fully settled.
[2]Legal claims were settled at costs lower than estimated and provided for in the prior year, resulting in a credit to profit and loss in the current year.

In thousands of AUD	Consolidated 2013	2012

11 Personnel expenses

	2013	2012
Wages and salaries	75,893	70,623
Contributions to superannuation plans	5,902	5,468
Other associated personnel expenses	4,820	4,119
Increase in liability for annual leave	709	1,452
(Decrease) / Increase in liability for long-service leave	(284)	172
Share-based compensation payments	3,675	10,420
	90,715	92,254

12 Finance income and expense

	2013	2012
Recognised in profit and loss		
Interest income on bank facilities	3,726	5,968
Dividend income	609	863
Net unrealised foreign exchange gain on translation of EDF receivable[1]	-	23,867
Net realised foreign exchange gain	3,150	4,398
Gains from ineffective portion of hedges	11	-
Financial income	7,496	35,096
Interest expense on finance lease liabilities	(7,182)	(8,013)
Unwinding of discounts on provisions	(792)	(783)
Losses from ineffective portion of hedges	-	(549)
Unrealised loss on investments	(1,989)	-
Finance charges payable under debt facilities	(11,372)	-
Net unrealised foreign exchange loss	(167)	(2,417)
Net realised foreign exchange losses on EDF receipts[1]	-	(21,525)
Interest on drawn debt facility	(20,249)	(6,637)
Other interest charges	(11,268)	(7,282)
Financial expenses	(53,019)	(47,206)
Net financing expense	(45,523)	(12,110)
Recognised directly in equity		
Net change in cash flow hedges	(9,049)	(44,020)
Income tax effect	2,715	13,206
Finance expense recognised directly in equity, net of tax	(6,334)	(30,814)

[1] These items have been disclosed as significant items. Please refer to note 7 for further details.

In thousands of AUD	**Consolidated**	
	2013	**2012**
13 Income tax		
a) Income tax (expense)/benefit		
Current income tax - corporate tax		
Current period	89,997	51,455
Adjustment for prior periods	(231)	(443)
	89,766	51,012
Deferred income tax – corporate tax		
Origination and reversal of temporary differences	(56,807)	(163,957)
Deferred income tax – MRRT		
Origination and reversal of temporary differences	-	161,582
Income tax benefit reported in the statement of comprehensive income	32,959	48,637
Numerical reconciliation between tax expense recognised in the statement of comprehensive income and profit before tax		
Profit/(loss) before tax	(115,123)	13,902
MRRT tax benefit	-	161,582
Profit/(loss) after MRRT	(115,123)	175,484
Income tax using the Company's domestic tax rate of 30% (2012: 30%)	34,537	(52,645)
Non-deductible expenses:		
Share based payments	(1,043)	(3,126)
Impairment of goodwill	-	(35,937)
Transaction costs	-	(9,856)
Other non-deductible expenses	(304)	(1,074)
MRRT tax benefit	-	161,582
Initial recognition of deferred tax liabilities	-	(9,864)
Over/(Underprovided) in prior periods	(231)	(443)
Total income tax benefit	32,959	48,637
b) Income tax recognised directly in equity		
Deferred income tax related to items charged/(credited) directly to equity		
Derivatives	2,715	13,206
Transaction costs on issue of share capital	27	326
Income tax expense recorded in equity	2,742	13,532

13 Income tax (continued)

c) Recognised tax assets and liabilities

In thousands of AUD	Consolidated			
	2013 Current income tax	**2013 Deferred income tax**	**2012 Current income tax**	**2012 Deferred income tax**
Opening balance	7,530	(77,449)	9,957	(38,621)
Charged to income – corporate tax	89,766	(56,807)	51,012	(163,957)
Charged to income – MRRT	-	-	-	161,582
Charged to equity	-	2,742	-	13,532
Recognition of DTA on acquisition	-	-	-	37,911
Recognition of DTL on acquisition – MRRT (net of corporate tax DTA)	-	-	-	(138,908)
Recognition of DTA on current year losses	(89,766)	89,766	(51,012)	51,012
Transfer between current and deferred tax	374	(374)	-	-
Payments/(receipts)	(21,839)	-	(2,427)	-
Closing balance	(13,935)	(42,122)	7,530	(77,449)
Tax expense in statement of comprehensive income:				
Charged to income		32,959		48,637
Charged to equity		2,742		13,532
Amounts recognised in the statement of financial position:				
Deferred tax asset		-		-
Deferred tax liability		(42,122)		(77,449)
		(42,122)		(77,449)

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

In thousands of AUD	Consolidated			
	Assets		**Liabilities**	
Corporate tax	**2013**	**2012**	**2013**	**2012**
Property, plant and equipment	-	-	(138,100)	(98,458)
Exploration and evaluation	-	-	(57,169)	(36,944)
Receivables	-	-	(274)	(395)
Derivatives	1,445	-	-	(1,269)
Investments	273	-	-	(1,430)
Intangibles	-	-	-	(1,081)
Deferred stripping	-	-	(29,215)	(29,880)
Deferred foreign exchange gain	1,059	1,006	-	-
Provisions	29,580	27,261	-	-
Tax losses	159,804	69,872	-	-
On MRRT	11,057	11,057	-	-
Other items	16,277	19,670	-	-
Tax assets/(liabilities)	219,495	128,866	(224,758)	(169,457)
Set off of tax assets	(219,495)	(128,866)	219,495	128,866
Net tax assets/(liabilities)	-	-	(5,263)	(40,591)

13 Income tax (continued)

c) Recognised tax assets and liabilities

In thousands of AUD	Consolidated			
	Assets		Liabilities	
	2013	2012	2013	2012
MRRT				
Property, plant and equipment	33,526	16,583	-	-
Exploration and evaluation	-	-	(57,845)	(57,491)
Decrease in MRRT asset recognised	(16,589)	-	-	-
Other	4,050	4,050	-	-
Tax assets/(liabilities)	20,987	20,633	(57,845)	(57,491)
Set off of tax assets	(20,987)	(20,633)	20,987	20,633
Net tax assets/(liabilities)	-	-	(36,858)	(36,858)
Total net deferred tax asset/(liability)	-	-	(42,122)	(77,449)

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	Consolidated	
	2013	2012
Corporate tax		
Land and mining tenements	21,530	21,530
	21,530	21,530
MRRT		
MRRT assets not recognised	355,179	338,590
	355,179	338,590

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	Consolidated 2013	2012
14 Cash and cash equivalents		
Cash and cash equivalents	110,516	513,625

The weighted average interest rate for cash balances at 30 June 2013 is 2.06% (2012: 3.88%).

In thousands of AUD	Consolidated 2013	2012
15 Trade and other receivables		
Current		
Trade receivables	49,778	37,872
Other receivables and prepayments	23,235	21,314
Receivables due from related parties	14,284	11,006
	87,297	70,192
Non-current		
Other receivables and prepayments	37,843	15,521
16 Inventories		
Coal stocks (at net realisable value)	16,925	695
Coal stocks (at cost)	24,021	25,782
Consumables and stores	17,289	11,496
	58,235	37,973
17 Derivative financial instruments		
Current assets		
Interest rate swap and forward exchange contracts - receivable	120	6,274
Current liabilities		
Forward exchange contracts - payable	4,938	2,053

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.

Interest rate swaps – cash flow hedges

The consolidated entity 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 fair value of interest rate swaps at 30 June 2013 was $120,000 (2012: nil).

17 Derivative financial instruments (cont'd)

Instruments used by the consolidated entity (cont'd)

Forward currency contracts – cash flow hedges

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

The contracts are timed to mature when funds for coal sales are forecast to be received, and when amounts for capital purchases are forecast to be paid. At 30 June 2013, the forward exchange contracts are designated as cash flow hedges and are expected to impact profit and 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	**2013**	**2013**	**2012**	**2012**
Less than 6 months	4,938	0.9725	4,637	0.9694
6 months to 1 year	-	-	1,637	0.9694
	4,938	0.9725	6,274	0.9694
Buy Euros				
Less than 6 months	-	-	(2,053)	0.5443
	-	-	(2,053)	0.5443

The ineffectiveness recognised in financial expenses in the income statement for the current year was $nil (see Note 12). The cumulative effective portion of $3,530,000 is reflected in other comprehensive income. The recycling of gains from the hedge reserve to the income statement for sales amounted to $7,893,000, which has been recognised in revenue. The recycling of losses from the hedge reserve to the balance sheet for purchases amounted to $2,374,000, which has been recognised in property, plant and equipment.

18 Investments

In thousands of AUD	**Consolidated 2013**	**Consolidated 2012**
Current investments		
Investment in unlisted preference shares	-	6,899
Non-current investments		
Investment in unlisted shares	37	1,210
Investment in listed shares	1,015	4,418
	1,052	5,628

During the year the Group disposed of the remaining $6.9m in preference shares in NCIG. During the year ended 30 June 2011 the Group acquired a total of $37.3m in preference shares ($14.8m) and shareholder loan notes ($22.5m) as part of the funding requirement of the NCIG Stage 2AA expansion. The shareholder loan notes were all disposed of during the year of acquisition and during the prior year $8.0m in preference shares were disposed as NCIG secured funding from other investors. As part of one of these disposals the Company issued a put option giving the acquirer the right, subject to certain criteria being met, to sell back the shareholder loan notes. The likelihood of the put option being exercised is considered remote.

19 Property, plant and equipment

	Note	Consolidated Freehold land	Plant and equipment	Leased plant and equipment	Mining property and development	Total
In thousands of AUD						
Cost						
Balance at 1 July 2011		71,680	248,062	149,359	606,918	1,076,019
Additions		9,462	69,382	-	159,309	238,153
Transfer to plant and equipment		-	31,465	(31,465)	-	-
Disposals		(3,115)	(2,475)	-	(237,895)	(243,485)
Acquisitions on business combinations	*38*	28,674	9,135	-	2,014,928	2,052,737
Balance at 30 June 2012		106,701	355,569	117,894	2,543,260	3,123,424
Balance at 1 July 2012		106,701	355,569	117,894	2,543,260	3,123,424
Additions		21,648	66,359	68	150,152	238,227
Transfer to plant and equipment		(457)	94,980	(5,810)	(88,713)	-
Disposals		(75)	(3,204)	-	-	(3,279)
Impairment*		-	(3)	-	(2,521)	(2,524)
Balance at 30 June 2013		127,817	513,701	112,152	2,602,178	3,355,848
Depreciation						
Balance at 1 July 2011		-	(47,836)	(41,977)	(49,219)	(139,032)
Depreciation charge for the year		-	(17,787)	(10,194)	(11,574)	(39,555)
Transfer to plant and equipment		-	(17,757)	17,757	-	-
Disposals		-	642	-	725	1,367
Acquisitions on business combinations	*38*	-	(903)	-	-	(903)
Balance at 30 June 2012		-	(83,641)	(34,414)	(60,068)	(178,123)
Balance at 1 July 2012		-	(83,641)	(34,414)	(60,068)	(178,123)
Depreciation charge for the year		-	(32,521)	(9,659)	(16,103)	(58,283)
Transfer to plant and equipment		-	(3,307)	3,307	-	-
Disposals		-	1,107	-	-	1,107
Impairment*		-	-	-	(5,373)	(5,373)
Balance at 30 June 2013		-	(118,362)	(40,766)	(81,544)	(240,672)
Carrying amounts						
At 1 July 2011		71,680	200,226	107,382	557,699	936,987
At 30 June 2012		106,701	271,928	83,480	2,483,192	2,945,301
At 1 July 2012		106,701	271,928	83,480	2,483,192	2,945,301
At 30 June 2013		127,817	395,339	71,386	2,520,634	3,115,176

*Impairment charge relates to placement of Sunnyside mine into care and maintenance.

19 Property, plant and equipment (cont'd)

Leased plant and machinery

The consolidated entity leases mining equipment under a number of finance lease agreements. At 30 June 2013, the consolidated entity's net carrying amount of leased plant and machinery was $71,386,000 (2012: $83,480,000). The leased equipment is pledged as security for the related finance lease liabilities.

20 Exploration and evaluation

In thousands of AUD	Consolidated Cost	Consolidated Impairment losses
Balance at 1 July 2011	9,422	-
Exploration and evaluation expenditure	11,184	-
Acquisitions on business combinations	518,215	-
Disposals	(6,640)	-
Balance at 30 June 2012	532,181	-
Balance at 1 July 2012	532,181	-
Exploration and evaluation expenditure	12,684	-
Acquisitions on business combinations	29,594	-
Balance at 30 June 2013	574,459	-

Exploration and evaluation assets

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area 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.

21 Intangible assets

In thousands of AUD	Consolidated 2013	Consolidated 2012
Water access rights	8,539	7,626
Acquired haulage rights	1,300	1,300
Less: accumulated amortisation	(854)	(701)
Marketing commission rights[1]	6,687	6,687
Less: accumulated amortisation	(6,687)	(3,083)
Goodwill[3]	90,711	90,711
	99,696	102,540

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.

21 Intangible assets (cont'd)

In thousands of AUD — **Consolidated**

Movement in intangibles

	Water access rights	Contract related intangible	Rail access rights	Marketing commission rights	Goodwill	Total
Balance at 1 July 2011	4,063	752	39,596	5,370	-	49,781
Acquired during the year	994	-	1,571	-	-	2,565
Less: Amortisation charge	-	(153)	-	(1,766)	-	(1,919)
Acquisitions on business combinations	2,912	-	-	-	222,110	225,022
Disposals	(343)	-	-	-	(11,608)	(11,951)
Written off during the year	-	-	(41,167)[2]	-	(119,791)	(160,958)
Balance at 30 June 2012	7,626	599	-	3,604	90,711	102,540
Balance at 1 July 2012	7,626	599	-	3,604	90,711	102,540
Acquired during the year	913	-	-	-	-	913
Less: Amortisation charge	-	(153)	-	(3,604)	-	(3,757)
Balance at 30 June 2013	8,539	446	-	-	90,711	99,696

[1] During the year ended 30 June 2011 the consolidated entity acquired marketing commission rights. The marketing commission rights were assessed as having a finite useful life and are being amortised over specific sales tonnages using a fixed cost per tonne. The amortisation has been recognised in the statement of comprehensive income in the line item 'selling and distribution expenses'.

[2] During the prior year, rail access rights held with Australian Rail Track Corporation were renegotiated and now fall under a Take or Pay agreement. The previously recognised intangible asset and related debt were extinguished as a result.

[3] During the prior year, goodwill of $29.9m, $64.8m and $7.6m arose on the acquisition of Boardwalk, Aston and Coalworks as a result of the recognition of deferred taxes as part of the purchase price accounting.

22 Trade and other payables

In thousands of AUD	Consolidated 2013	Consolidated 2012
Current		
Trade payables	64,468	36,571
Other payables and accruals[1]	72,798	215,164
Deferred purchase consideration	-	1,125
	137,266	252,860

[1] During the prior year, other payables and accruals include an amount of $112.3m payable for the acquisition of Coalworks under the offer made to Coalworks shareholders prior to year end.

In thousands of AUD	Consolidated 2013	2012

23 Interest-bearing loans and borrowings

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

	2013	2012
Current liabilities		
Finance lease liabilities	16,995	15,173
Secured bank loans	8,247	13,944
Unsecured bank loans	-	265,299
	25,242	294,416
Non-current liabilities		
Finance lease liabilities	62,357	68,328
Secured bank loans	494,481	-
Unsecured bank loans	-	126,702
	556,838	195,030
Total interest-bearing liabilities	582,080	489,446
Financing facilities		
Secured bank loans	1,057,728	13,944
Unsecured bank loans	-	887,540
	1,057,728	901,484
Facilities utilised at reporting date		
Secured bank loans	502,728	13,944
Unsecured bank loans	-	392,001
	502,728	405,945
Facilities not utilised at reporting date		
Secured bank loans	555,000	-
Unsecured bank loans	-	495,539
	555,000	495,539

Financing facilities

On 21 December 2012 the Company entered into a A$1.2 billion Senior Secured Bank Facility. The facility has a four year tenor and provides Whitehaven with lines of credit up to A$1.2 billion comprising of A$1.0 billion revolving and term facility, and A$0.2 billion guarantee facilities. This facility was used to replace the Company's existing bank facilities. During the period an amount of $445 million was drawn down under the new facility, of which $325 million was used to repay debt drawn on the old facilities, In addition $10 million was drawn down under finance leases. Other loans of $23 million were repaid during the period.

Finance lease facility

At 30 June 2013, the consolidated entity's lease liabilities are secured by the leased assets of $71,386,000 (2012: $83,480,000), 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:

23 Interest-bearing loans and borrowings (cont'd)

In thousands of AUD	Consolidated					
	Minimum lease payments 2013	**Interest 2013**	**Principal 2013**	**Minimum lease payments 2012**	**Interest 2012**	**Principal 2012**
Less than one year	23,070	6,075	16,995	22,029	6,793	15,236
Between one and five years	76,766	14,409	62,357	50,538	16,312	34,226
More than five years	-	-	-	35,615	1,576	34,039
	99,836	20,484	79,352	108,182	24,681	83,501

In thousands of AUD	Consolidated 2013	Consolidated 2012

24 Employee benefits

	2013	2012
Current		
Salaries and wages accrued	3,270	4,226
Liability for long service leave	101	386
Liability for annual leave	7,736	7,027
	11,107	11,639

25 Provisions

	2013	2012
Mine rehabilitation and closure	52,104	42,402
Take or Pay	26,165	27,751
Other provisions	14,782	15,397
	93,051	85,550
Current	43,642	15,341
Non-current	49,409	70,209
	93,051	85,550

In thousands of AUD

Movement in provisions	**Mine rehabilitation and closure**	**Take or Pay**	**Other provisions**
Balance at 1 July 2012	42,402	27,751	15,397
Provisions made during the period	9,778	-	58
Provisions used during the period	(868)	(2,526)	(673)
Unwind of discount	792	940	-
Balance at 30 June 2013	52,104	26,165	14,782

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 25 years. Refer to Note 3(r) for details on the nature of the obligation

26 Share capital and reserves

a) *Share capital*

In thousands of AUD	Consolidated 2013	2012
Fully paid ordinary shares 1,025,692,710 (2012: 1,013,190,387)	3,146,301	3,116,769

b) *Movements in shares on issue*

Ordinary shares

	Consolidated 2013 Nos of shares 000's	$000's	2012 Nos of shares 000's	$000's
Beginning of the financial year	1,013,190	3,116,769	493,817	591,339
Exercise of share options	974	-	8,200	16,200
Exercise of share acquisition rights	-	-	1,967	-
Share based payments	58	-	400	-
Issued on acquisition of Boardwalk Resources Ltd[1]	-	-	119,905	495,480
Issued on merger with Aston Resources Ltd	-	-	388,901	2,014,508
Issued on acquisition of Vickery Pty Ltd	11,471	29,594	-	-
Costs of shares issued, net of tax	-	(62)	-	(758)
	1,025,693	3,146,301	1,013,190	3,116,769

[1]The shares issued as consideration for the acquisition of Boardwalk Resources Ltd included 34,020,000 milestone shares. The milestone shares are fully paid ordinary shares subject to the terms of a restriction deed which removes their entitlements to vote, receive dividends as declared or participate in the proceeds from the sale of all surplus assets until such time as certain milestones are met.

The Company issued performance rights during the prior year and has on issue share options (see note 32).

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, certain 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 plans. Refer to note 32 for further details of these plans.

26 Share capital and reserves (cont'd)

f) Dividends

In thousands of AUD	**Consolidated**	
	2013	**2012**
Recognised amounts		
Declared and/or paid during the year:		
Final franked dividend for 2012: 3.0c (2011: 4.1c)	29,375	20,273
Interim franked dividend for 2013: nil (2012: nil)	-	-
Special franked dividend for 2013: nil (2012: 50c)	-	251,992
	29,375	272,265
Unrecognised amounts		
Final franked dividend for 2013: nil (2012: 3.0c)	-	29,375

The above final dividend was declared after the year end in the prior year. These amounts were not recognised as a liability in the financial statements for the year ended 30 June 2012 and have been brought to account in the year ending 30 June 2013.

Dividend franking account	**The Company**	
In thousands of AUD	**2013**	**2012**
30 per cent franking credits available to shareholders of Whitehaven Coal Limited for subsequent financial years	14,782	14,779

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated entity at the year-end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated consolidated entity has also assumed the benefit of $nil (2012: $nil) franking credits.

	The Company	
In thousands of AUD	**2013**	**2012**
Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	-	(12,589)

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 with an option to renew on the mining equipment and office space. None of the leases includes contingent rentals.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2013 are as follows:

In thousands of AUD	**Consolidated**	
	2013	**2012**
Less than one year	5,290	5,541
Between one and five years	1,442	3,285
More than five years	-	79
	6,732	8,905

Leases as lessor

The consolidated entity leases out land it will use for future mining operations under operating leases. At 30 June 2013 $55,849,000 (2012: $53,060,000) of land was leased under these operating leases.

28 Capital expenditure commitments

In thousands of AUD	**Consolidated**	
	2013	**2012**
Plant and equipment and intangibles		
Contracted but not provided for and payable:		
Within one year	76,559	33,541
One year or later and no later than five years	84,862	178,395
	161,421	211,936

29 Contingencies

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

In thousands of AUD	Consolidated	
	2013	**2012**
Guarantees		
(i) The consolidated entity provided bank guarantees to the Department of Mineral Resources NSW as a condition of continuation of mining and exploration licenses	29,089	28,559
(ii) The consolidated entity provided bank guarantees to Australian Rail Track Corporation (previously to Rail Infrastructure Corporation)	21,631	20,438
(iii) The consolidated entity provided bank guarantees to Newcastle Coal Infrastructure Group	34,539	35,590
(iv) The consolidated entity provided bank guarantees to Port Waratah Coal Services Limited	18,605	29,367
(v) The consolidated entity provided bank guarantees to Hunter Valley Energy Coal Ltd	41,538	14,432
(vi) The consolidated entity provided bank guarantees to various parties for office leases	905	905
(vii) The consolidated entity provided bank guarantees to Transgrid	4,000	-
(viii) The consolidated entity provided bank guarantees to the Minister Administering the Crown Lands Act 1989	60	-
	150,367	129,291

Claim from contractor

During the year Whitehaven received a claim from one of its contractors for breach of contract. The claim is in the sum of $4.4 million. Whitehaven denies any breach of contract and the claimant has not provided any substantive argument to support its allegation. Whitehaven will vigorously defend the proceedings.

In thousands of AUD		**Consolidated**	
		2013	**2012**
30 Reconciliation of cash flows from operating activities			
Cash flows from operating activities			
Profit for the period		(82,164)	62,539
Adjustments for:			
Depreciation		58,203	39,521
Amortisation		42,162	1,920
Finance costs		12,065	-
Foreign exchange losses unrealised		63	52
Unrealised loss/(gain) on investment		1,989	(4,766)
Unwinding of discounts on provisions	*25*	792	783
Share-based compensation payments	*32*	3,675	10,420
Impairment of assets		22,207	119,791
Increase in financial instruments		(739)	-
Gain on sale of interest in Maules Creek JV	*9*	-	(116,175)
Gain on sale of investments		-	(313)
(Gain) / Loss on sale of non-current assets	*9*	(138)	1,271
Operating profit before changes in working capital and provisions		58,115	115,043
Change in trade and other receivables		(55,509)	(13,797)
Change in inventories and deferred stripping		(31,574)	(56,069)
Change in trade and other payables		15,392	(72,687)
Change in provisions and employee benefits		(7,623)	2,540
Change in tax payable		72,919	2,427
Change in deferred taxes		(84,040)	(48,637)
Cash flows from operating activities		(32,320)	(71,180)

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 other than the following:

The Maules Creek Project received approval from the Federal Government under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) on 11 February 2013. Under the terms of that approval, commencement of construction was conditional on the further approval of subsidiary management plans. Approval of those subsidiary management plans occurred on 4 July 2013, at which time the Maules Creek Project had in place all requisite approvals to commence construction.

Subsequent to balance date, a group represented by the taxpayer funded Environmental Defenders Office commenced proceedings in the Federal Court against the Federal Minister for the Environment and the Company challenging the validity of the approval granted by the Federal Minister for the Company's Maules Creek Project.

The Application filed with the Federal Court contends that the Minister committed errors of law in granting the approval on 11 February 2013. In this litigation, the Federal Court has jurisdiction to determine whether the Federal Minister committed an error of law in granting the approval.

A hearing date has been scheduled for mid September 2013 and is expected to take three days. The judgement is likely to be handed down about a month after the hearing

32 Share-based payments

a) Recognised share-based payment expenses

Employee expenses	**Consolidated**	
In thousands of AUD	**2013**	**2012**
Share options – director-related entities	-	437
Share options and performance rights – senior employees	1,234	7,911
Shares – senior employees (ex-Boardwalk)	2,441	2,072
	3,675	10,420

b) Types of share-based payment plans

Option grant to senior employees on 1 May 2012

The Company issued options to Mr Kane (Chief Operating Officer – Aston and Boardwalk Operations) in recognition of shares in Boardwalk Resources that Mr Kane was entitled to under his previous employment arrangements. The options had an exercise price of $0.0001 per option, resulting in a total payment on exercise of $97.43. Mr Kane's options vested on 1 August 2012 and were exercised on 2 November 2012.

Whilst the options did not have any performance conditions attached to them (as they were granted in consideration for shares that Mr Kane was already entitled to under his previous employment arrangements), the Ordinary Shares issued upon exercise are subject to restrictions on transfer, voting, dividend and distribution rights until 1 March 2014.

Option grant to ex-Aston option holders on 2 May 2012

The Company issued fully vested options over Whitehaven shares to Aston option holders as part of the Scheme of Arrangement. The terms and conditions of the grant are as follows.

Option	Exercise Price	Number of instruments	Vesting conditions	Expiration date
- Tranche 1	$3.15	8,619,278	Vested on issue	17 August 2015
- Tranche 2	$3.33	12,354	Vested on issue	10 November 2015
- Tranche 3	$4.73	8,241,278	Vested on issue	17 August 2016

32 Share-based payments (cont'd)

b) Types of share-based payment plans (cont'd)

Performance Share Right grant to senior employees on 24 September 2012

The Company issued 1,575,301 performance share rights to key senior employees as part of the revised long term incentive plan. The performance share rights vest over the period 23 September 2012 to 23 September 2016 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 FY2013 grant comprises those entities within the ASX 100 Resources Index as at 24 September 2012.

The Company issued performance share rights to senior employees under the company's revised long term incentive program. The terms and conditions of the grant are as follows.

Performance Share Rights	Exercise Price	Number of instruments	Vesting conditions	Expiration date
- Tranche 1	$0.00	525,113	23 September 2014	23 September 2014
- Tranche 2	$0.00	525,102	23 September 2015	23 September 2015
- Tranche 3	$0.00	525,086	23 September 2016	23 September 2016
		1,575,301		

The performance share rights 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 FY2013 grant comprises those entities within the ASX 100 Resources Index as at 24 September 2012.

The performance share 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 50% and 100%
- TSR over vesting period equal to the 50th percentile – 50% vest
- TSR over vesting period below the 50th percentile – 0% vest

c) Movement in options and performance share rights

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

	Weighted average exercise price 2013	Number of options 2013	Weighted average exercise price 2012	Number of options 2012
Outstanding at beginning of period	$3.71	17,846,945	$1.71	9,455,002
Exercised during the period	$0.00	(974,035)	$1.59	(10,167,244)
Granted during the period	$0.00	1,575,301	$3.56	18,566,945
Forfeited during the period	$0.00	(183,471)	$0.00	(7,758)
Outstanding at 30 June	$3.62	18,264,740	$3.71	17,846,945
Exercisable at 30 June	$3.92	16,872,910	$3.92	16,872,910

32 Share-based payments (cont'd)

c) Movement in options (cont'd)

The outstanding balance as at 30 June 2013 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) 1,391,830 performance share rights over ordinary shares having an exercise price of nil, exercisable between 23 September 2014 to 23 September 2016.

The weighted average share price at the date of exercise for share options exercised during the year ended 30 June 2013 was $2.98 (2011: $5.74).

The weighted average remaining contractual life of share options outstanding at 30 June 2013 is 2.59 years (2012: 3.62 years).

d) Option pricing models

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

The fair value of options 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 2013 and 30 June 2012:

	Options		**LTI Program**	
Fair value of share options and assumptions	**FY2013**	**FY2012**	**FY2013**	**FY2012**
Fair value at grant date	-	$1.64 - $5.01	$1.70 - $1.92	$4.45 - $4.65
Share price	-	$5.18	$2.92	$5.79
Exercise price	-	$0.00 - $4.73	$0.00	$0.00
Expected volatility (weighted average volatility)	-	40%	40%	40%
Option life (expected weighted average life)	-	0-4 years	2-4 years	1-4 years
Expected dividends	-	2.75%	0.0%	1.3%
Risk-free interest rate (based on government bonds)	-	3.00%	2.6 – 2.7%	3.80 – 4.10%

All shared-based payments are equity settled.

33 Related parties

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Name	**Position**
Directors	
The Hon. Mark Vaile	Chairman
John Conde	Deputy Chairman
Philip Christensen	Non-executive Director
Paul Flynn	Managing Director (appointed 25 March 2013), Non-executive Director (to 24 March 2013)
Rick Gazzard	Non-executive Director
Christine McLoughlin	Non-executive Director
Tony Haggarty	Non-executive Director (from 25 March 2013), Managing Director (to 24 March 2013)
Hans Mende	Non-executive Director (resigned 2 July 2012)
Allan Davies	Executive Director (resigned 1 November 2012)
Executives	
Jamie Frankcombe	EGM Operations (appointed 4 February 2013)
Austen Perrin	Chief Financial Officer and Joint Company Secretary
Timothy Burt	General Counsel and Joint Company Secretary
Brian Cole	EGM Projects Delivery (appointed 1 July 2012)
Peter Kane	EGM Business Development (resigned 21 December 2012)
Allan Davies	EGM Operations (resigned 3 February 2013)

Key management personnel compensation

The key management personnel compensation included in ‘personnel expenses’ (see note 11) is as follows:

	Consolidated	
In AUD	**2013**	**2012**
Wages and salaries	6,788,074	6,152,194
Contributions to superannuation plans	370,651	246,117
Other associated personnel expenses	37,557	19,753
Increase/(decrease) in liability for annual leave	(78,966)	183,462
Share-based compensation payments	3,114,606	4,726,852
	10,231,922	11,328,378

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33 Related parties (cont'd)

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.

Other key management personnel transactions

Apart from the details disclosed in this note, 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

A number of related parties and key management persons hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

These entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director-related entities on an arm's length basis.

For all related parties disclosed below, there were no guarantees given or received, or provisions for doubtful debts over the outstanding balances at year end, nor were these balances secured against any assets of the consolidated entity.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

(i) During the year the Company paid legal fees of $13,388 relating to share and option rights granted to an entity associated with former director, Allan Davies, on his becoming a director of the Company in 2009 including in relation to the timing of the grant of those rights.

(ii) The consolidated entity has previously held a sub-lease on normal commercial terms with XLX Pty Limited, a company of which Tony Haggarty, Andrew Plummer and Allan Davies are all directors, for office space in Sydney. Fees in the prior year amounted to $107,341. The sub-lease agreement was completed during the prior year.

(iii) The consolidated entity sells coal to and buys coal from Energy Coal Marketing Pty Ltd ('ECM'), a company formerly controlled by Hans Mende. During the prior year the company made sales to ECM amounting to $52,505,015. These transactions were carried out on an arm's length basis at market rates.

33 Related parties (cont'd)

Movements in shares

The movement during the reporting period in the number of ordinary shares in Whitehaven Coal Limited held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

No. of shares	Held at 1 July 2012	Received on exercise of options	Received as remuneration	Received in capacity as shareholder as a result of Merger / Acquisition	Other purchases	Sales	Held at 30 June 2013
Directors							
Mark Vaile	2,769,867	-	-	-	17,900	-	2,787,767
John Conde	378,605	-	-	-	-	-	378,605
Philip Christensen	2,901,575*	-	-	-	-	-	2,901,575
Paul Flynn	18,382	-	-	-	21,000	-	39,382
Rick Gazzard	50,000	-	-	-	75,000	-	125,000
Christine McLoughlin	11,000	-	-	-	10,000	-	21,000
Hans Mende	70,019,833	-	-	-	-	-	n/a[1]
Tony Haggarty	33,479,897	-	-				33,479,897
Allan Davies	7,005,000	-	-	-	-	-	n/a[1]
Executives							
Jamie Frankcombe	n/a	-	57,687	-	20,000	-	77,687
Austen Perrin	214,413	-	-	-	-	(107,394)	107,019
Timothy Burt	148,400	-	-	-	-	-	148,400
Brian Cole	-	-	-	-	-	-	-
Peter Kane	1,518,381**	974,035	-	-	-	-	n/a[1]

[1] These parties either ceased employment with Whitehaven during the year or changed roles within Whitehaven during the year and are not considered related parties at 30 June 2013.
*Includes 762,902 shares issued subject to restrictions. Refer to note 26 for details.
**Includes 381,451 shares issued subject to restrictions. Refer to note 26 for details.

33 Related parties (cont'd)

Movements in shares (cont'd)

The movement during the prior reporting period in the number of ordinary shares in Whitehaven Coal Limited held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

No. of shares	Held at 1 July 2011	Received on exercise of options/vesting of SARs	Received as remuneration	Received in capacity as shareholder as a result of Merger / Acquisition	Other purchases	Sales	Held at 30 June 2012
Directors							
Mark Vaile	n/a	-	-	2,761,267	8,600	-	2,769,867
John Conde	378,605	-	-	-	-	-	378,605
Philip Christensen	n/a	-	-	2,901,075*	500	-	2,901,575
Paul Flynn	n/a	-	-	7,382	11,000	-	18,382
Rick Gazzard	n/a	-	-	-	50,000	-	50,000
Christine McLoughlin	n/a	-	-	-	11,000	-	11,000
Hans Mende	76,019,833	-	-	-	-	(6,000,000)	70,019,833
Tony Haggarty	33,479,897	-	-	-	-	-	33,479,897
Allan Davies	2,630,000	5,000,000	-	-	-	(625,000)	7,005,000
Executives							
Peter Kane	n/a	-	173,938	1,344,443**	-	-	1,518,381
Austen Perrin	-	250,000	-	-	-	(35,587)	214,413
Timothy Burt	-	100,000	-	-	48,400	-	148,400

*Includes 762,902 shares issued subject to restrictions. Refer to note 26 for details.

**Includes 381,451 shares issued subject to restrictions. Refer to note 26 for details.

33 Related parties (cont'd)

Options and rights over equity instruments

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 2012	Granted / (Forfeited)	Exercised	Held at 30 June 2013	Vested during the year	Vested and exercisable at 30 June 2013
Director-related entities						
Mark Vaile	189,000	-	-	189,000	-	189,000
Philip Christensen	189,000	-	-	189,000	-	189,000
Executives						
Timothy Burt	-	92,457	-	92,457	-	-
Brian Cole	-	126,521	-	126,521	-	-
Peter Kane	974,035	145,985	974,035	n/a[1]	974,035	-
Austen Perrin	-	126,521	-	126,521	-	-

	Held at 1 July 2011	Granted / (Forfeited)	Exercised	Held at 30 June 2012	Vested during the year	Vested and exercisable at 30 June 2012
Director-related entities						
Mark Vaile	-	189,000*	-	189,000	189,000	189,000
Philip Christensen	-	189,000*	-	189,000	189,000	189,000
Allan Davies	5,000,000	-	5,000,000	-	1,666,667	-
Executives						
Timothy Burt	65,000	35,000	100,000	-	100,000	-
Tony Galligan	85,000	35,000	120,000	-	120,000	-
Peter Kane	-	974,035	-	974,035	-	-
Austen Perrin	200,000	50,000	250,000	-	183,334	-

[1] These parties ceased employment with Whitehaven during the year and are not considered related parties at 30 June 2013.

* The Group issued fully vested options over Whitehaven 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.

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

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

	Country of incorporation	Ownership interest 2013 %	Ownership interest 2012 %
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 Limited	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 Limited	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 Project Holdings Pty Ltd	Australia	100	100
Aston Resources Ltd	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 Ltd	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	77
Yarrawa Coal Pty Ltd	Australia	100	77
Loyal Coal Pty Ltd	Australia	93	72
Ferndale Coal Pty Ltd	Australia	93	72
Coalworks (Oaklands North) Pty Ltd	Australia	100	77

34 Consolidated entity's subsidiaries, associates and interests in joint ventures (cont'd)

	Country of incorporation	Ownership interest	
		2013	2012
Subsidiaries (Continued)		%	%
CWK Nominees Pty Ltd	Australia	100	77
Oaklands Land Pty Ltd	Australia	100	77
Coalworks (Vickery South) Pty Ltd	Australia	100	77
Coalworks Vickery South Operations Pty Ltd	Australia	100	77
Vickery South Marketing Pty Ltd	Australia	100	55
Vickery South Operations Pty Ltd	Australia	100	55
Vickery Pty Ltd	Australia	100	-

The consolidated financial statements include a share of the financial statements of the jointly controlled entities listed below.

	Country of incorporation	Ownership interest	
		2013	2012
Jointly controlled entities		%	%
Tarrawonga Coal Sales Pty Ltd	Australia	70	70
Blackjack Carbon Pty Ltd	Australia	-*	50
Blackjack Carbon Sales Pty Ltd	Australia	-*	50
Maules Creek Marketing Pty Ltd	Australia	75	75
Boggabri-Maules Creek Rail Pty Ltd	Australia	39	39

*The Group disposed of its 50% interest in the Blackjack Carbon joint venture on 28 June 2013. Results of the joint venture up to this date are included in the consolidated financial statements.

The consolidated entity has interests in the following jointly controlled operations, whose principal activities involve the development and mining of coal:

	Ownership interest	
	2013	2012
	%	%
Tarrawonga Coal Project Joint Venture	70	70
Narrabri Coal Joint Venture	70	70
Blackjack Carbon Joint Venture	-*	50
Maules Creek Joint Venture	75	75
Dingo Joint Venture	70	70
Ferndale Joint Venture	94	94
Vickery South Joint Venture	100	71
Boggabri-Maules Creek Rail Spur Joint Venture	39	39

*The Group disposed of its 50% interest in the Blackjack Carbon joint venture on 28 June 2013. Results of the joint venture up to this date are included in the consolidated financial statements.

34 Consolidated entity's subsidiaries, associates and interests in joint ventures (cont'd)

The consolidated entity's share of the above jointly controlled entities has been recorded using the proportional consolidation method. The amounts set out below are included in the 30 June 2013 consolidated financial statements under their respective categories.

In thousands of AUD	**2013**	**2012**
Statement of comprehensive income		
Operating and administration expenses	190,958	101,771
Current assets		
Cash and cash equivalents	21,365	18,174
Trade and other receivables	5,187	5,467
Inventory	29,068	11,549
Deferred stripping	19,103	25,233
Total current assets	74,723	60,423
Non-current assets		
Property, plant and equipment	886,906	738,939
Intangible assets	4,261	4,261
Total non-current assets	891,167	743,200
Total assets	965,890	803,623
Current liabilities		
Trade and other payables	49,844	48,745
Provisions	217	173
	50,061	48,918
Non-current liabilities		
Provisions	15,542	13,026
	15,542	13,026
Total liabilities	65,603	61,944

Guarantees		
The Joint Ventures provided bank guarantees to various parties	52,561	3,055
Capital expenditure commitments – Plant and equipment and intangibles		
Contracted but not provided for and payable:		
Within one year	13,803	24,197
One year or later and no later than five years	-	-
	13,803	24,197

35 Earnings / (loss) per share

Basic earnings / (loss) per share

The calculation of basic earnings/(loss) per share at 30 June 2013 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:

Profit / (loss) attributable to ordinary shareholders	**Consolidated 2013 $000**	**Consolidated 2012 $000**
Net profit / (loss) attributable to ordinary shareholders	(82,164)	62,539

	Consolidated 2013 000's	**Consolidated 2012 000's**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	979,170	493,817
Effect of shares issued during the year	4,223	79,937
Weighted average number of ordinary shares at 30 June	983,393	573,754
Basic (loss) / earnings per share attributable to ordinary shareholders (cents)	(8.4)	10.9

Diluted earnings / (loss) per share

The calculation of diluted earnings/(loss) per share at 30 June 2013 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:

Profit/(loss) attributable to ordinary shareholders (diluted)	**Consolidated 2013 $000**	**Consolidated 2012 $000**
Net profit/(loss) attributable to ordinary shareholders (diluted)	(82,164)	62,539

	Consolidated 2013 000's	**Consolidated 2012 000's**
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	983,393	573,754
Effect of share options on issue	-	901
Weighted average number of ordinary shares (diluted)	983,393	574,655
Diluted (loss) / earnings per share attributable to ordinary shareholders (cents)	(8.4)	10.9

36 Auditors' remuneration

In AUD	Consolidated 2013	Consolidated 2012
Audit services:		
Auditors of the Company - Ernst & Young		
Audit and review of statutory financial statements – current year	565,900	507,311
Audit of joint ventures	258,335	201,354
National Greenhouse Energy Reporting Act assurance	92,959	53,625
Other assurance services	37,495	21,630
	954,689	783,920
Non-audit services:		
Auditors of the Company – Ernst & Young		
Due diligence services	235,500	559,586
Taxation services – MRRT	193,553	437,750
Other non-audit services	120,479	-
	549,532	997,336

37 Parent entity information

In thousands of AUD	Company 2013	Company 2012
Information relating to Whitehaven Coal Limited:		
Current assets	214,982	286,210
Total assets	3,338,048	3,194,192
Current liabilities	-	-
Total liabilities	-	-
Issued capital	3,275,300	3,245,768
Retained earnings	(8,623)	(119,272)
Share-based payment reserve	71,371	67,696
Total shareholders' equity	3,338,048	3,194,192
Profit / (loss) of the parent entity	29,379	136,663
Total comprehensive income of the parent entity	29,379	35,496

38 Business combinations and acquisitions of non-controlling interests

Acquisitions in the year ended 30 June 2013

Business acquired	Principal Activity	Date of acquisition	Proportion acquired	Cost of acquisition
Vickery Pty Limited	Coal exploration	8 March 2013	100.0%	29,594

Purchase consideration:

In thousands of AUD	Vickery Pty Limited[1]
Shares issued, at fair value	29,594
	29,594

[1] The Group acquired Vickery Pty Limited (formerly ICRA Vickery Pty Limited) which held the remaining interest in the Vickery South Project which the Group did not own, including a 29% joint venture interest and a right to increase to a 49% interest through farm-in arrangements which are nearing completion. It also involves the termination of Itochu's exclusive off-take and sales agency arrangements relating to the Project. The consideration for the transaction was the issue of 11.47 million shares in Whitehaven Coal Limited to Itochu.

Assets and liabilities acquired

In thousands of AUD	Vickery Pty Limited
Exploration expenditure	29,594
Fair value of net assets acquired	29,594
Total consideration	29,594
Cash flows on acquisition:	
Cash balances acquired (included in cash flows from investing activities)	-
Transaction costs (included in cash flows from operating activities)	99
Transaction costs attributable to issuance of shares (included in cash flows from financing activities)	29
Net cash (inflow)/outflow on acquisition – current year	128

38 Business combinations and acquisitions of non-controlling interests (cont'd)

Assets and liabilities acquired (cont'd)

Acquisition of additional interest in Coalworks Limited

In the period from 1 July to 21 August 2012 the Group acquired additional interests in the voting shares of Coalworks Limited, increasing its ownership interest to 100%. Cash consideration of $42,354,000 was paid to non-controlling interest shareholders.

From the date of acquisition, the companies acquired contributed the following amounts of revenue and net profit / (loss) to the Group:

In thousands of AUD	**Coalworks Limited**
Revenue	-
Net profit / (loss)	-

If the business combinations had been completed on the first day of the financial year, the consolidated statement of comprehensive income would have included revenue of $nil and a net loss of $nil.

Transaction costs of $0.8 million have been expensed and are included in administrative expenses.

38 Business combinations and acquisitions of non-controlling interests (cont'd)

Acquisitions in the year ended 30 June 2012

Business acquired	Principal Activity	Date of acquisition	Proportion acquired	Cost of acquisition
Boardwalk Resources Limited	Coal exploration	1 May 2012	100%	495,480
Aston Resources Limited	Coal mine development	2 May 2012	100%	2,047,426
Coalworks Limited	Coal exploration	20 June 2012	51.1%	88,862

Purchase consideration:

In thousands of AUD	Boardwalk Resources Limited[1]	Aston Resources Limited[2]	Coalworks Limited (restated)[3]
Shares issued, at fair value	444,885	2,014,508	-
Options issued, at fair value	-	32,918	-
Contingent consideration, at fair value	50,595	-	-
Cash consideration	-	-	59,193
Fair value of previously held equity interest	-	-	29,669
Value of farm-in option forgone	-	-	73,569
	495,480	2,047,426	162,431

[1]The Group issued 85,885,178 ordinary shares as consideration for the 100% interest in Boardwalk Resources Limited. The fair value of these shares is the published price of the shares of the Group at the date of acquisition, which was $5.18 each. In addition, the Group issued, as contingent consideration, 34,020,000 ordinary shares which were subject to the terms of a restriction deed. The restriction deed removes their entitlements to vote, receive dividends as declared or participate in the proceeds from the sale of all surplus assets until such time as certain milestones are met. The restrictions will cease to apply upon the occurrence of certain trigger events including the grant of mining leases and environmental approvals at the Boardwalk projects. At the acquisition date the fair value of the contingent consideration was deemed to be $50,595,000, which was based on an assessment of the probability and timing of achieving the milestones required to release the restrictions over the contingent consideration.

[2]The Group issued 388,901,169 ordinary shares as consideration for the 100% interest in Aston Resources Limited. The fair value of these shares is the published price of the shares of the Group at the date of acquisition, which was $5.18 each. In addition, the Group issued 16,872,910 fully vested options in consideration for options held in Aston Resources Limited. At the acquisition date the fair value of the options was deemed to be $32,918,000 (refer to note 32 for details of assumptions used in determining the fair value of options issued during the year).

[3]The Group agreed to pay $1 per share under the terms of the offer made by the Group to Coalworks Limited shareholders. On 20 June 2012 the Group had received a number of acceptances such that, combined with the Group's existing equity interest in Coalworks, the Group's total ownership interest in Coalworks amounted to 51.1%. This consideration was payable on 6 July 2012 under the terms of the offer made to Coalworks shareholders.

38 Business combinations and acquisitions of non-controlling interests (cont'd)

Assets and liabilities acquired:

The fair value of the net assets acquired as at the date of acquisition were:

In thousands of AUD	**Boardwalk Resources Limited**	**Aston Resources Limited (restated)**	**Coalworks Limited (restated)**
Current assets			
Cash and cash equivalents	140,678	36,909	29,812
Trade and other receivables	1,849	3,837	2,124
Other current assets	80	1,095	1,582
Non-current assets			
Investments	26,357	-	3,676
Property plant and equipment	3,361	2,045,793	2,680
Exploration expenditure	288,674	56,440	246,670
Intangible assets	-	2,912	-
Goodwill arising on initial recognition of deferred tax assets and liabilities	29,894	64,785	7,640
Deferred tax assets	16,683	76,165	4,594
Other non-current assets	-	-	4,618
Current liabilities			
Trade and other payables	(13,768)	(56,610)	(9,237)
Employee benefits	(832)	(277)	-
Provisions	-	(12,664)	(670)
Interest bearing liabilities	(55,777)	(38)	(13,944)
Other current liabilities	(10,000)	(47)	(5,258)
Non-current liabilities			
Trade and other payables	-	(1,275)	-
Interest bearing liabilities	-	(70)	-
Provisions	(4,933)	(28,579)	-
Deferred tax liabilities MRRT	(46,577)	(140,950)	(10,914)
Fair value of net assets acquired	375,689	2,047,426	263,373
Impairment write down of goodwill	119,791	-	-
Non-controlling interest at fair value	-	-	(100,942)
Total consideration	495,480	2,047,426	162,431
Cash flows on acquisition:			
Cash balances acquired (included in cash flows from investing activities)	(140,678)	(36,909)	(29,812)
Transaction costs (included in cash flows from operating activities)	7,565	21,523	722
Transaction costs attributable to issuance of shares (included in cash flows from financing activities)	271	756	-
Net cash (inflow)/outflow on acquisition – current year	(132,842)	(14,630)	(29,090)
Transaction costs – not yet paid	128	9,439	2,000

The net assets recognised in the year ended 30 June 2012 were based on a provisional assessment of fair values as the Group had not completed its review of the fair value of the assets and liabilities acquired at the date the June 2012 financial statements were approved for issue, due to the complexity of the acquisition and due to the inherently uncertain nature of the mining industry, mining properties and intangible exploration and evaluation assets, in particular. The review of the fair value of the assets and liabilities acquired was completed within 12 months of the acquisition date, leading to the following restatements:

38 Business combinations and acquisitions of non-controlling interests (cont'd)

Assets and liabilities acquired (cont'd)

The assets and liabilities of Aston Resources were restated to increase the fair value of provisions by $9.8m, with a corresponding increase in value of mineral tenement.

The assets and liabilities of Coalworks Limited were restated to reduce the fair value of land acquired by $18.6m, increase the value of mining property by $99.6m, recognising deferred tax assets of $1.3m, other non-current assets of $4.4m and recognising an additional non-controlling interest of $13.2m. This followed a restatement of the fair value of consideration in recognition of the farm-in option forgone previously recognised on acquisition of Boardwalk Resources Limited amounting to $73.6m.

Goodwill arises principally because of the requirement to recognise deferred income tax assets and liabilities for the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

The fair value of the non-controlling interest in Coalworks Limited was determined using the $1 per share offer made by the Group to Coalworks Limited shareholders.

Prior to acquisition, the Group held an existing equity interest in Coalworks Limited as an available for sale investment. The fair value gain on this investment recognised in other income in the income statement for the current year was $4,766,000 (see Note 9).

Acquisition of additional interest in Coalworks Limited

In the period from 20 June to 30 June 2012 the Group acquired additional interests in the voting shares of Coalworks Limited, increasing its ownership interest to 77.0%. Cash consideration of $53,112,000 is payable to non-controlling interest shareholders.

From the date of acquisition, the companies acquired contributed the following amounts of revenue and net profit / (loss) to the Group in the year ended 30 June 2012:

In thousands of AUD	**Boardwalk Resources Limited**	**Aston Resources Limited**	**Coalworks Limited**
Revenue	-	-	-
Net profit / (loss) [1]	(114,985)	116,118	-

[1]Net profit / (loss) includes the gain on sale of joint venture interest and impairment of goodwill on acquisition of Boardwalk Resources (refer to note 7 for details).

If the business combinations had been completed on the first day of the previous financial year, the consolidated statement of comprehensive income would have included revenue of $nil and a net loss of $90.9 million.

Transaction costs of $41.4 million have been expensed and are included in administrative expenses.

39 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' report.

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 Limited
- 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 Project Holdings Pty Ltd
- Whitehaven Project Pty Ltd
- Aston Resources Ltd
- Aston Coal 2 Pty Ltd
- Aston Coal 3 Pty Ltd
- Maules Creek Coal Pty Ltd
- Boardwalk Resources Ltd
- 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.

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 2013 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 2013.

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 39 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
27th August 2013

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2013, 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 2, 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.

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 2013 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 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Trent van Veen
Partner
Sydney
27 August 2013

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 per most recent substantial shareholder notice
Farrallon Capital Management LLC	16.62	170,414,721
FRC Whitehaven Holdings BV	7.08	72,650,000
Fritz Kundrun	6.77	69,433,458
Hans Mende	5.97	61,216,735
Martua Sitorus	5.82	59,673,423
Deutsche Bank AG	5.02	51,442,759
Prudential PLC	5.01	51,434,648

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	2,031
1,001 - 5,000	3,618
5,001 - 10,000	1,493
10,001 - 100,000	1,368
100,001 and over	120
	8,630

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 605.

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.

Twenty largest shareholders (legal ownership)

Name	Number of ordinary shares held	Percentage of capital held
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD – GSCO ECA	177,582,568	17.31
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	135,624,925	13.22
CITICORP NOMINEES PTY LTD	109,967,404	10.72
NATIONAL NOMINEES LIMITED	94,537,758	9.22
JP MORGAN NOMINEES AUSTRALIA LIMITED (CASH INCOME A/C)	73,023,593	7.12
FRC WHITEHAVEN HOLDINGS BV	70,865,222	6.91
JP MORGAN NOMINEES AUSTRALIA LIMITED	50,423,177	4.92
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD – A/C 2	29,210,969	2.85
AET SFS PTY LTD (BOARDWALK RES INV P/C)	26,678,979	2.60
HFTT PTY LTD (HAGGARTY FAMILY A/C)	25,437,979	2.48
RANAMOK PTY LTD (PLUMMER FAMILY A/C)	24,908,124	2.43
BNP PARIBAS NOMS PTY LTD (DRP)	15,197,957	1.48
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD – A/C 3	13,745,088	1.34
UOB KAY HIAN (HONG KONG) LTD (CLIENTS A/C)	13,000,031	1.27
CITICORP NOMINEES PTY LTD (COLONIAL FIRST STATE INV A/C)	9,182,379	0.90
HFTT PTY LTD (HAGGARTY FAMILY A/C)	8,000,000	0.78
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	6,538,398	0.64
MR MICHAEL JACK QUILLEN (QUILLEN FAMILY A/C)	6,135,000	0.60
DECISIVE INVESTMENTS PTY LTD (DECISIVE INVESTMENTS A/C)	6,000,000	0.58
WARBONT NOMINEES PTY LTD (SETTLEMENT ENTREPOT A/C)	4,777,207	0.47
	900,836,758	**87.83**

This information is current as at 23 August 2013