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22 February 2011

**Australian Stock Exchange
Company Announcements**

HALF-YEAR RESULTS

Please find attached the following;

1. Media Release
2. Appendix 4D – Half-Year Report
3. Half-Year Report incorporating the Directors' Report and the consolidated financial report.

Yours Faithfully

**Austen Perrin
Chief Financial Officer**

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Whitehaven Coal Limited Financial Results for half-year ending 31 December 2010 (HY11)

SYDNEY, 22 February 2011 - Whitehaven Coal Limited (ASX:WHC) today reported its financial results for the six months to December 31, 2010.

FINANCIAL HIGHLIGHTS

- Underlying NPAT (excluding Significant Items) of \$32.9 million, up 21.4%.
- Net loss after tax (NPAT) of \$35.1 million, including net loss after tax of \$68.0 million from significant items.
- Total significant items after tax of \$68.0 million including:
 - \$22.2 million from losses incurred on legacy contracts from both purchased coal and financial settlements
 - \$32.2 million provision for future losses on legacy contracts
 - \$9.6 million foreign exchange loss relating to the outstanding \$US receivable from EdF for its Narrabri JV purchase
- Interim fully franked dividend of 3.3 cents per share, payable on 31 March 2011.
- EBITDA before significant items of \$68.2 million, an increase of 26.5% on previous corresponding period.
- Cash generated from operations of \$16.7 million and net cash flow of \$51.0 million.
- Proceeds received from the sale of Narrabri of \$178.0 million during the half-year.
- Strong financial position at 31 December with net assets of \$1,032.4 million, including \$192.1 million cash on hand and interest bearing liabilities of \$142.3 million.

OPERATING HIGHLIGHTS

- Coal sales up 49% (equity basis)
- Saleable coal production up 10% (equity basis)
- All operations performed well in terms of safety, environmental management, production and cost control despite the impact of wet weather.
- Saleable coal production adversely affected during the half-year by an unusually high number of wet weather days. This led to a shortfall against planned production of more than 0.65 million tonnes (Mt) for the half-year.
- Production is expected to increase substantially in the second half. All mining equipment is in place to achieve planned open-cut output in the second half and the Gunnedah Coal Handling and Preparation Plant (CHPP) upgrade is nearing completion..
- Second and third continuous miners commissioned underground at Narrabri mine during the half-year and a total of 81 thousand tonnes (Kt) of saleable coal produced at Narrabri to date.
- Total Coal Resources have increased in the past half year by 7% from 1,632.9 Mt (August 2010) to 1,748.5 Mt.
- Marketable Coal Reserves have increased 15% from 318.1 Mt (August 2010) to 365.7 Mt.

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Commenting on the results, Whitehaven Managing Director Mr Tony Haggarty said:

“Whitehaven continues to cement its position as the leading coal developer and producer in the Gunnedah Basin.

“While unseasonably wet weather has affected both our own production, and the cost of fulfilling our well documented legacy contracts, our underlying growth has continued and our operations are performing well.

“While Whitehaven’s operations were not directly affected by the devastating floods experienced in Queensland, New South Wales and Victoria, we did lose a total of 3,800 operating hours across our mines during the half – almost four times the hours lost during the same period last year.

“The expansion of our open-cut mines and CHPP is progressing on schedule and our Narrabri mine is experiencing favourable mining conditions.

“Some 60 Kt of coal has been shipped from Narrabri to date and the quality of coal that has been produced is meeting expectations.

“Commencement of longwall mining at Narrabri remains on target for December 2011 and delivery of longwall equipment is on schedule to meet this target.

“Our growth plans have been enhanced by the acquisition of the Vickery assets, which are proving to be a key acquisition for Whitehaven and are providing a focus for our expanded exploration efforts throughout the region,” he said.

FINANCIAL PERFORMANCE

	HY 2011 \$m	HY 2010 \$m	Movement
Sales revenue	318.3	198.5	+60.3%
EBITDA before significant items	68.2	53.9	+26.5%
EBIT before significant items	49.6	41.6	+19.2%
NPAT before significant items	32.9	27.1	+21.4%
Significant items net of tax	-68.0	56.4	-220.6%
NPAT after significant items	-35.1	83.5	-142.1%
EPS-diluted	-7.1 cents	18.0 cents	-139.4%

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	HY 2011 \$m	HY 2010 \$m
Cash on Hand	192.1	232.6
Interest Cover Ratio (times)¹	8.55	19.45
Interest Bearing Liabilities²	142.3	82.6
Net Cash Position	49.8	150.0
Net Assets	1,032.4	1,037.8
Gearing Ratio³	-4.6%	-12.6%

¹ EBIT before significant items to Interest Expense excluding FX in financing expense

² Interest bearing liabilities include loans from Rail Infrastructure Corporation for track upgrades (\$35.1 million HY 2011, 21.1 million HY 2010)

³ Net Debt to Net Debt plus Equity

Whitehaven's balance sheet remains very strong. Cash on hand at 31 December 2011, together with outstanding cash to be received from previously announced sales of the Narrabri JV interests and cash from operations, is expected to provide sufficient funding to complete the development of Narrabri Stage 2 and the expansion of Whitehaven's existing open-cut mines.

TREATMENT OF LEGACY CONTRACTS & SIGNIFICANT ITEMS

Despite Whitehaven's saleable production for the half-year being significantly higher than the previous corresponding period, it was more than 0.65 Mt lower than planned.

This shortfall, together with increasing coal spot prices due to the Queensland floods and currency movements have resulted in the following significant items:

- A realised loss after tax of \$22.2 million from coal purchased to fill legacy contracts, which could not be filled from Whitehaven's own production, along with the cost of cash settlements of legacy contracts which could not be filled with either Whitehaven coal or purchased coal. These legacy contracts are fixed-price, term contracts entered into in 2005-2006 with various coal trading companies. They have been outlined in previous releases and are shown on the following table.

The cost of fulfilling these contracts has been compounded by the significant impact of the wet weather on Whitehaven's Werris Creek mine, which produces a large proportion of the company's low-ash thermal coal. The reduced availability of this premium coal, which is used for blending with lower quality coal from Whitehaven's less rain affected mines, also increased the need for short term coal purchases.

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- A \$32.2 million provision for losses which are expected to be incurred over the remainder of these legacy contracts, consistent with those incurred in the first half. Based on current contracted delivery schedules and Whitehaven's coal production plans, it is expected that between 800 Kt and 1 Mt of coal will need to either be purchased or cash settled over the remaining life of the contracts, most of which will be in the second half of FY11.

This is based on an anticipated market price for the purchases of US\$130/t and an average contract selling price of US\$68/t for the legacy contracts. Based on these figures, the purchase of 800 Kt to 1Mt would incur an additional loss after tax of approximately US\$35 to US\$40 million.

WHITEHAVEN LEGACY CONTRACTS REMAINING AT 31ST DECEMBER 2010

	FY 2011	FY 2012			Total
	2nd Half	1st Half	2nd Half	Total	Total
Tonnes - 000t	2,083	1,551	90	1,641	3,724
Price - US\$/t FOB	68.70	69.88	72.00	69.99	69.27

- Other significant items of \$13.6 million have been booked primarily comprising an unrealised foreign exchange loss relating to the outstanding \$US receivable from EdF for its Narrabri JV purchase, and the write off of unsuccessful project bid costs.

OPERATING PERFORMANCE

Consolidated Equity production and Sales (Equity Share)

Whitehaven Total – 000t	HY 2011	HY 2010	Movement
ROM Coal Production	2,015	1,807	+12%
Saleable Coal Production	1,895	1,725	+10%
Sales of Produced Coal	1,948	1,649	+18%
Sales of Purchased Coal	1,184	448	+165%
Total Coal Sales	3,133	2,097	+49%
Coal Stocks at Period End	347	349	-1%

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Whitehaven Gunnedah Operations (Equity Share)

Whitehaven Total – 000t	HY 2011	HY 2010	Movement
ROM Coal Production	1,302	1,246	+4%
Saleable Coal Production	1,163	1,155	+1%
Sales of Produced Coal	1,230	1,108	+11%
Sales of Purchased Coal	1,184	448	+165%
Total Coal Sales	2,414	1,556	+55%
Coal Stocks at Period End	207	247	-16%

Werris Creek Mine (Equity Share)

Whitehaven Total – 000t	HY 2011	HY 2010	Movement
ROM Coal Production	655	561	+17%
Saleable Coal Production	675	570	+18%
Sales of Produced Coal	678	541	+25%
Sales of Purchased Coal	-	-	0%
Total Coal Sales	678	541	+25%
Coal Stocks at Period End	116	102	+14%

OPEN-CUT OPERATIONS

The Gunnedah Operations include the Tarrawonga (70% owned by Whitehaven), Rocglen (100% owned by Whitehaven), and Sunnyside (100% owned by Whitehaven) open-cut mines and the Whitehaven coal handling and preparation plant and train load-out facility (“CHPP”) (100% owned by Whitehaven). The Werris Creek Mine is 100% owned by Whitehaven.

Whitehaven’s open-cut mines continued to perform well during the half-year. Work has been continuing to expand the mines to their combined design and permitted capacity of approximately 5.5 Mtpa of saleable coal. Weather permitting, Whitehaven is expecting to produce at this rate during the second half of FY11.

The Gunnedah CHPP upgrade to 4 Mtpa is nearing completion and will provide additional washing capacity and enhance Whitehaven’s ability to optimize coal blending and revenue from its four open-cut mines.

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Werris Creek Life of Mine Project

Whitehaven 100%

An Environmental Assessment has been submitted for the Werris Creek Life of Mine Project with exhibition being completed on 7 February 2011. Currently a number of submissions from Government Departments, Agencies and members of the public are being assessed, whilst a number of submissions remain outstanding. Werris Creek Coal is considering these submissions and will respond to the Department of Planning with a Response to Submissions and Statement of Commitments.

The Werris Creek Life of Mine Project involves a small increase in the approved rate of mining from 2.0 Mtpa to 2.5 Mtpa and the extended resource would provide an additional 20 year mine life beyond the currently approved mining area.

The Preliminary Environmental Assessment (PEA) proposal includes an increase in ROM and Product Coal Stockpiles from 100,000 tonnes to 200,000 tonnes, construction of a rail loop to minimise the impact on the current rail line and an increase in coal transport by road to domestic customers to 100,000 tonnes from 50,000 tonnes per annum.

Tarrawonga Modification

Whitehaven 70%

Idemitsu Australia Resources 30%

Ongoing exploration has resulted in a significant increase in reserves and resources available to the Tarrawonga mine.

The mine has recently gained a modification to its approvals to increase the total coal production from approximately 12.4 to 16.4 Mt and improve the associated infrastructure to meet the requirements of the increased tonnage. The modification did not change the mining method, maximum production rate (up to 2.0 Mtpa), mine workforce, or the life of the mine (i.e. 8 to 10 years).

Studies are currently underway to extend the life of the operation through a new Development Approval. It is anticipated that a PEA will be lodged with the Department of Planning in the near term leading to the issue of Director General Requirements for completion of the full Environmental Assessment.

NARRABRI MINE

Whitehaven (operator) 70.0%

Electric Power Development Co. Ltd 7.5%

EDF Trading 7.5%

Upper Horn Investments Limited 7.5%

Daewoo International Corporation and Korea Resources Corporation 7.5%

Underground development continued during the half-year with the second and third continuous miners commissioned underground and a total of 81 Kt of saleable coal production to date. Mining conditions are very good and the development of the pit bottom area and main headings is progressing well.

Narrabri has continued the successful pre-drainage of in-seam gas (85% CO₂) to levels below the threshold for continuous mining. Confidence in the gas drainage model continues to grow as experience builds. A program of surface to in-seam (SIS) and underground in-seam (UIS) drilling is continuing in order to create an inventory of drained coal ahead of mining.

While the mine has found the recruitment of sufficient experienced underground miners challenging, the situation is improving and manning levels are increasing. A contract has now been awarded for mine

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services and the provision of a fully manned fourth continuous miner. This will supplement development during 2011 as the mine builds up its permanent workforce.

Full Stage 2 approval for longwall mining was granted by the NSW Minister for Planning, The Hon Tony Kelly MLC, on 28 July, 2010.

The Stage 2 longwall equipment was specified and ordered in September 2009 and delivery is on target for scheduled installation underground in December 2011. Construction of Stage 2 surface facilities including CHPP, ventilation shaft and other ancillary works is proceeding on time and budget.

Ongoing review of Stage 2 costs, including tendering for all major components of the work, has not identified any material change to the budget cost estimate of approximately \$300 million (100% basis).

DEVELOPMENT PROJECTS

Vickery

Whitehaven 100%

Vickery is proving to be a very important acquisition for Whitehaven, consolidating our significant tenement holding in the Gunnedah Basin. A JORC resource of 294.7 Mt was defined in August 2010, of which 272.7Mt is open-cut.

In addition, the adjacent Merton area now has a JORC resource of 112 Mt and the adjacent Bluevale, Canyon and Pine Hill deposits add a further 5.1 Mt of JORC resources. This means that the overall Vickery area now has a total JORC open-cut resource of 405 Mt.

An initial open-cut reserve at Vickery Pit comprising 56.7Mt Recoverable and 47.6Mt Marketable has been defined in February 2011.

Further drilling to convert Inferred Resources to Measured and Indicated Resources will be undertaken to bring the remainder of the Vickery Main Pit into reserves. Mine planning work will also now be undertaken in the Merton and Canyon Extended areas to establish the total open-cut reserve in the combined Vickery area.

Indications are that Vickery will provide Whitehaven with a significant increase in metallurgical coal reserves, with initial mine design for an open-cut mine producing 5 Mtpa for 20 years. Total saleable coal yield of more than 80% is indicated, which is expected to be predominantly low-ash, low-sulphur, low-phosphorous semi-soft coking coal, along with a minority component of low-ash, low-sulphur, high-energy thermal coal.

INFRASTRUCTURE

The new NCIG Port continues to ramp up and Whitehaven was able to utilize its share of this new capacity fully during the first half of 2011. Construction of the second stage of NCIG has now been committed and construction is underway.

Stage 2 is expected to be commissioned in mid-2012 taking the capacity of NCIG to 53 Mtpa. Final feasibility of the third stage of NCIG is now complete and commitment to construction is expected mid-2011. This will take the port to its full capacity of 66 Mtpa in 2013, of which Whitehaven's share will be approximately 6 Mtpa.

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However, NCIG continues to be restricted to handling Panamax size ships. This has further complicated the logistics of blending and delivering the appropriate tonnage and coal quality to meet sales commitments during the first half. The situation will be resolved later this calendar year when dredging of the Hunter River by BHP is completed.

During the half Whitehaven also renewed its rolling 10 year port contract with PWCS for 3.6 Mtpa.

Rail capacity is also continuing to increase, with the Whitehaven coal train now being fully utilized and the first of Whitehaven's new Pacific National (PN) trains now delivered and being commissioned.

Whitehaven has ordered a second new PN train, scheduled for delivery in October 2011. This rail haulage capacity matches Whitehaven's expected port and rail track capacity.

CORPORATE

The final payment from the Daewoo/KORES consortium's acquisition of its Narrabri JV interest was received in November 2010 and payments from EdF have also been received during the half-year.

Cash on hand together with outstanding cash to be received from previously announced sales of the Narrabri JV interests and cash from operations is expected to provide sufficient funding to complete the development of Narrabri and the expansion of Whitehaven's existing open-cut mines.

Whitehaven had a total of approximately US\$434 million in forward US\$/A\$ exchange contracts at the end of December at an average rate of 0.8150 US\$/A\$. The hedging profile at the end of December was:

Currency Hedging at 31/12/10		FY 2011	FY 2012	Total
Principal	US\$m	224	210	434
Rate	US\$/A\$	0.8051	0.8259	0.8150

On 29 October 2010, Whitehaven announced that it was commencing a formal process to enable selected interested parties to conduct due diligence and submit proposals for a potential corporate transaction with the company.

Whitehaven has now received a number of non-binding indicative proposals and a selected short-list of parties have been invited to complete detailed due diligence and submit binding proposals.

The formal process is expected to continue for a number of months and may or may not result in a final proposal being made and recommended by the Board.

OUTLOOK

Whitehaven's saleable coal production is expected to increase significantly in the second half, subject to no further adverse weather conditions. While there remains uncertainty around coal prices and other variables, Whitehaven currently expects its full year underlying NPAT to be in the range of \$83 million to \$88 million, with significant items reducing reported NPAT to between \$15 million and \$20 million.

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Whitehaven Coal Limited – Current Expectations of Net Profit After Tax in FY 2011¹.

\$M	First Half	Second Half	FY 2011
Underlying Net Profit After Tax	33	50 – 55	83 – 88
Significant Items			
Realised Loss from Legacy Contract Settlement	(22)		(22)
Provision for Future Loss on Legacy Contract Settlement	(32)		(32)
Other Significant Items	(14)		(14)
Reported Net Profit After Tax and Significant Items	(35)	50 – 55	15 – 20

1. Estimates of company earnings provided in this release are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

- ends

For further information, please contact:

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Appendix 4D

1. This statement presents results for Whitehaven Coal Limited for the half year ended 31 December 2010 and, where applicable, comparative results for the previous year.

2. **Results for announcement to the market:**

	Half Year 31 Dec 2010 \$'000	Half Year 31 Dec 2009 \$'000	Change
Revenue from ordinary activities	318,277	198,518	+60.3%
Net Profit/(Loss) After Tax before significant items	32,863	27,070	+21.4%
Net Profit/(Loss) After Tax from ordinary activities	(35,115)	83,469	-142.1%
Net Profit/(Loss) After Tax attributable to members	(35,115)	83,469	-142.1%

3. Dividends

Fully franked dividends of \$13,822,000 were paid in relation to the year ended 30 June 2010 during the six month period. The record date for the entitlement was 17 September 2010. The franked amount per ordinary share was 2.8 cents (for 493,650,070 ordinary shares).

On 22 February 2011 the Directors declared a fully franked interim dividend of 3.3 cents per share (for 493,700,070 ordinary shares) totaling \$16,292,000 to be paid on 31 March 2011 with the record date for entitlement being 14 March 2011. The financial effect of this dividend has not been brought to account in the financial statements for this period.

4. Net Tangible Assets (NTA) per security:

	Half Year 31 Dec 2010	Half Year 31 Dec 2009
NTA per security	200.31c/share	208.59c/share

5. All other information can be obtained from the attached financial statements, accompanying notes and Directors' report.



Whitehaven Coal Limited
and its controlled entities

ABN 68 124 425 396

31 December 2010

Interim Financial Report

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Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2010

The directors present their report together with the consolidated financial report of Whitehaven Coal Limited ('the Company') for the six months ended 31 December 2010 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Position	Date of appointment
John Conde	Chairman	3 May 2007
Tony Haggarty	Managing Director	3 May 2007 (appointed Managing Director 17 October 2008)
Neil Chatfield	Director	3 May 2007
Allan Davies	Executive Director	25 February 2009
Alex Krueger	Director	3 May 2007
Hans Mende	Director	3 May 2007
Andrew Plummer	Executive Director	3 May 2007 (appointed Executive Director 17 October 2008)

Review of operations

Principal activities

The principal activity of the Group during the period was the development and operation of coal mines in New South Wales. There were no significant changes in the nature of the activities of the Group during the period.

Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2010

Results of operations

The Group's net loss for the six months ended 31 December 2010 amounted to \$35,115,000 (2009: \$83,469,000 profit). Net profit for the period before significant items amounted to \$32,863,000 (2009: \$27,070,000).

Highlights from the six months include the following:

- Operating revenue of \$318,277,000 (2009: \$198,518,000) on sales of 3,133,000 tonnes (2009: 2,097,000) of coal on an equity basis including purchased coal;
- Operating EBITDA before significant items of \$68,225,000 (2009: \$53,864,000);
- Approval received from the NSW Minister for Planning, the Hon Tony Kelly MLC, for Narrabri Coal Project Stage 2; and
- Proceeds received from previous sales of Narrabri North project of \$178,045,000 (2009: \$86,087,000).

The operating results are summarised below:

Whitehaven Coal Limited – Consolidated	YTD Dec 10 \$000	YTD Dec 09 \$000	Movement %
Revenue	318,277	198,518	+60.3%
Net profit before significant items	32,863	27,070	+21.4%
Net profit/(loss) for the period attributable to members	(35,115)	83,469	-142.1%

The Group's operations during the half-year focused on operating and developing coal mines. There were four operating mines during the half-year, with total saleable coal production (on an equity basis) of 1,895,000 tonnes compared to 1,725,000 tonnes in the six months ended 31 December 2009.

The Group's net profit for the six months ended 31 December 2010 was impacted by:

- Higher market prices for coal compared to 2009.
- Continuing high demurrage costs.
- Significant loss of production as a result of an unusually high number of wet weather days leading to a shortfall against planned production of 650Kt. As a result during the half-year period a significant amount of coal was purchased to fulfil legacy contracts resulting in a realised loss after tax amounting to \$7.4 million. Where contracts could not be filled with either Whitehaven coal or purchased coal, financial settlements were undertaken resulting in a loss after tax of \$14.8 million
- Provisions for future losses on sales of purchased coal into legacy contracts of \$24.4 million after tax and contract settlements of \$7.8 million after tax have been made.

Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2010

Investments for future performance

The Group has interests in four operating mines (Tarrawonga, Werris Creek, Rocglen and Sunnyside) that produce thermal coal, semi-soft coking coal and PCI coal. Most of this coal is exported through the port of Newcastle to major steel mills and international power utilities.

During FY2012, the Group plans to commence underground mining at the Narrabri mine.

The Group's key assets include:

- (a) Open Cut Operations (Tarrawonga: 70%, Werris Creek: 100%, Rocglen: 100% and Sunnyside: 100%); and
- (b) Narrabri (70%).

These mines are expected to have aggregated managed production capacity of approximately 11,500,000 tonnes per annum by FY2013.

These production forecasts do not include possible additional production opportunities from the Tarrawonga underground or Vickery opencut projects.

Rail capacity is also continuing to increase, with the Whitehaven coal train now being fully utilized and the first of Whitehaven's new Pacific National (PN) trains now delivered and being commissioned. Whitehaven has ordered a second new PN train, scheduled for delivery in October 2011. This rail haulage capacity matches Whitehaven's expected port and rail track capacity.

Construction of the Newcastle Coal Infrastructure Group (NCIG) coal loading terminal (of which Whitehaven Coal Limited has an 11% interest) remains on track. Stage 2 is expected to be commissioned in mid-2012 taking the capacity of NCIG to 53 Mtpa. Final feasibility of the third stage of NCIG is now complete and commitment to construction is expected mid-2011.

Liquidity and funding

The consolidated balance sheet at 31 December 2010 shows the Group is well positioned for growth.

<i>In thousands of AUD</i>	Dec 2010 \$'000	Dec 2009 \$'000
Cash and cash equivalents	192,080	232,594
Interest bearing liabilities	142,272	82,551
Net cash	49,808	150,043
Equity	1,032,384	1,037,797
Gearing ratio ¹	(4.6%)	(12.6%)

¹ Net debt to Net debt plus Equity

Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2010

Strategy and future performance

Coal prices and marketing

The current medium term outlook for thermal coal and semi-soft demand and price outcomes remains strong and it is expected that this will be reflected in higher US\$ prices for the Group's products in the Japanese Financial Year commencing 1 April 2011 ("JFY11").

Outlook

- Strong productivity is expected to continue at all operations.
- Market coal prices for JFY11 are expected to increase in line with current spot prices.
- Production and sales volume will continue to be limited by port constraints.
- Benefits of the strengthening market will be negatively affected by legacy sales contracts.
- The Narrabri mine will continue its underground development during the current financial year with longwall installation scheduled for December 2011.

Dividends

On 22 February 2011, the directors resolved to pay a fully franked interim dividend of 3.3 cents per ordinary share to be paid on 31 March 2011 in respect of the half year ended 31 December 2010 totalling \$16.3 million (2009: 2.8 cents per ordinary share totalling \$13.8 million). The record date for entitlement to the dividend is 14 March 2011. The financial effect of this dividend has not been brought to account in the financial statements for this period.

Dividends paid during the current period are as follows:

	Half Year ended 31 December 2010 \$'000	Half Year ended 31 December 2009 \$'000
Final ordinary (fully franked)	13,822	28,584

Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2010

Corporate

On 29 October 2010, Whitehaven announced that it was commencing a formal process to enable selected interested parties to conduct due diligence and submit proposals for a potential corporate transaction with the company.

Whitehaven has now received a number of non-binding indicative proposals and a selected short-list of parties have been invited to complete detailed due diligence and submit binding proposals.

The formal process is expected to continue for a number of months and may or may not result in a final proposal being made and recommended by the Board.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material nature 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, other than the following:

- The Directors have resolved to pay a fully franked interim dividend of 3.3 cents per ordinary share.
- Whitehaven has entered into an Export Credit facility to finance its share of the Narrabri longwall mining system. The facility was arranged through the ANZ Banking Group and has a limit of AUD \$95 million which fully amortises over a 10 year tenor. An initial drawdown of AUD \$42 million has occurred with future drawdowns to occur upon completion of longwall construction milestones.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the six months ended 31 December 2010.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100, 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.

Signed in accordance with a resolution of the directors:



John Conde
Chairman

22 February 2011

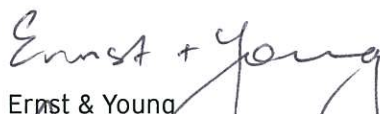


Tony Haggarty
Director

22 February 2011

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

In relation to our review of the financial report of Whitehaven Coal Limited for the half-year ended 31 December 2010, 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.

A stylized signature of 'Ernst + Young' in a cursive script.

Ernst & Young

A large, stylized signature of Trent van Veen in a cursive script.

Trent van Veen
Partner
Sydney
22 February 2011

Whitehaven Coal Limited and its controlled entities
Consolidated interim statement of comprehensive income
For the six months ended 31 December 2010

	<i>Note</i>	Consolidated 31 Dec 2010	Consolidated 31 Dec 2009
<i>In thousands of AUD</i>			
Revenue		318,277	198,518
Operating expenses			
Before significant items		(215,240)	(114,040)
Significant items	5	(45,328)	-
		(260,568)	(114,040)
Depreciation and amortisation		(18,657)	(12,248)
Cost of sales		(279,225)	(126,288)
Gross profit		39,052	72,230
Other income			
Before significant items		7,392	2,949
Significant items	5	-	111,702
		7,392	114,651
Selling and distribution expenses		(29,713)	(23,927)
Other expenses			
Before significant items		(1,762)	(401)
Significant items	5	(33,819)	(14,196)
	6	(35,581)	(14,597)
Administrative expenses			
Before significant items		(10,729)	(9,235)
Significant items	5	(3,626)	-
		(14,355)	(9,235)
Profit before net financing income / (expense)		(33,205)	139,122
Financial income			
Before significant items		2,061	3,864
Significant items	5	6,052	2,271
		8,113	6,135
Financial expenses			
Before significant items		(3,878)	(6,418)
Significant items	5	(19,771)	(12,174)
		(23,649)	(18,592)
Net financing expense		(15,536)	(12,457)
(Loss) / profit before tax		(48,741)	126,665
Income tax expense			
Before significant items		(14,888)	(11,992)
Significant items	5	28,514	(31,204)
		13,626	(43,196)
Net (loss) / profit for the period attributable to equity holders of the Company			
Before significant items		32,863	27,070
Significant items	5	(67,978)	56,399
Net (loss) / profit for the period		(35,115)	83,469

Whitehaven Coal Limited and its controlled entities
Consolidated interim statement of comprehensive income (continued)
For the six months ended 31 December 2010

	<i>Note</i>	Consolidated 31 Dec 2010	Consolidated 31 Dec 2009
<i>In thousands of AUD</i>			
Net (loss) / profit for the period		(35,115)	83,469
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges		108,131	54,016
Fair value of cash flow hedges transferred to profit and loss		(29,721)	(2,193)
Income tax on items of other comprehensive income		(23,523)	(15,547)
Other comprehensive income for the period, net of tax		54,887	36,276
Total comprehensive income for the period		19,772	119,745
Earnings per share:			
Basic earnings per share before significant items (cents per share)		6.7	5.9
Diluted earnings per share before significant items (cents per share)		6.6	5.8
Basic (loss) / earnings per share (cents per share)		(7.1)	18.1
Diluted (loss) / earnings per share (cents per share)		(7.1)	18.0

The condensed notes on pages 12 to 20 are an integral part of these consolidated interim financial statements.

Whitehaven Coal Limited and its controlled entities
Consolidated interim statement of financial position
As at 31 December 2010

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated 31 Dec 2010	Consolidated 30 Jun 2010
Assets			
Cash and cash equivalents	7	192,080	141,049
Trade and other receivables		116,869	289,206
Inventories		16,957	20,921
Current tax receivable		5,621	-
Deferred stripping		44,787	27,903
Derivative financial instruments		82,322	23,127
Total current assets		458,636	502,206
Non-current assets			
Trade and other receivables		1,196	37,159
Investments		16,076	1,210
Property, plant and equipment		855,665	760,981
Exploration and evaluation		6,734	5,344
Intangibles	8	43,466	43,488
Deferred Stripping		-	928
Derivative financial instruments		10,229	-
Total non-current assets		933,366	849,110
Total assets		1,392,002	1,351,316
Liabilities			
Trade and other payables		92,661	128,408
Interest-bearing loans and borrowings		52,795	37,307
Employee benefits		7,941	6,245
Current tax payable		-	37,514
Deferred income		182	191
Provisions	9	48,148	1,246
Derivative financial instruments		7,251	14,280
Total current liabilities		208,978	225,191
Non-current liabilities			
Interest-bearing loans and borrowings		89,477	57,622
Deferred tax liabilities		33,764	12,089
Deferred income		411	444
Provisions	9	26,988	27,652
Derivative financial instruments		-	5,142
Total non-current liabilities		150,640	102,949
Total liabilities		359,618	328,140
Net assets		1,032,384	1,023,176
Equity			
Share capital	10	591,226	591,176
Hedge reserve		57,726	2,839
Share based payments reserve		21,135	17,927
Retained earnings		362,297	411,234
Total equity		1,032,384	1,023,176

The condensed notes on pages 12 to 20 are an integral part of these consolidated interim financial statements.

Whitehaven Coal Limited and its controlled entities
Consolidated interim statement of changes in equity
For the six months ended 31 December 2010

<i>In thousands of AUD</i>	Note	Issued capital	Share Based Payment Reserve	Retained earnings	Hedge reserve	Total
Opening balance at 1 July 2009		367,352	442	338,753	16,298	722,845
Profit for the period		-	-	83,469	-	83,469
Other comprehensive income		-	-	-	36,276	36,276
Total comprehensive income for the half year		-	-	83,469	36,276	119,745
Transactions with owners in their capacity as owners						
Dividends paid	12	-	-	(28,584)	-	(28,584)
Share based payments	6	-	14,597	-	-	14,597
Transfer from share based payment reserve		7,175	(7,175)	-	-	-
Shares issued for cash		214,886	-	-	-	214,886
Costs of shares issued, net of tax		(5,692)	-	-	-	(5,692)
Closing balance at 31 December 2009		583,721	7,864	393,638	52,574	1,037,797

<i>In thousands of AUD</i>		Issued capital	Share Based Payment Reserve	Retained earnings	Hedge reserve	Total
Opening balance at 1 July 2010		591,176	17,927	411,234	2,839	1,023,176
Loss for the period		-	-	(35,115)	-	(35,115)
Other comprehensive income		-	-	-	54,887	54,887
Total comprehensive income for the half year		-	-	(35,115)	54,887	19,772
Transactions with owners in their capacity as owners						
Dividends paid	12	-	-	(13,822)	-	(13,822)
Share based payments	6	-	3,208	-	-	3,208
Share options exercised		50	-	-	-	50
Closing balance at 31 December 2010		591,226	21,135	362,297	57,726	1,032,384

The condensed notes on pages 12 to 20 are an integral part of these consolidated interim financial statements.

Whitehaven Coal Limited and its controlled entities
Consolidated interim statement of cash flows
For the six months ended 31 December 2010

	<i>Note</i>	Consolidated 31 Dec 2010	Consolidated 31 Dec 2009
<i>In thousands of AUD</i>			
Cash flow s from operating activities			
Cash receipts from customers		336,630	193,034
Cash paid to suppliers and employees		(319,884)	(156,916)
Cash generated from operations		16,746	36,118
Interest paid		(6,039)	(3,329)
Interest received		3,165	3,864
Income taxes paid		(31,358)	(89,523)
Net cash used in operating activities		(17,486)	(52,870)
Cash flow s from investing activities			
Proceeds from sell down of Narrabri project		178,045	86,087
Proceeds from sale of property, plant and equipment		893	-
Acquisition of property, plant and equipment		(123,300)	(112,128)
Exploration and evaluation expenditure		(1,390)	(2,175)
Acquisition of investments		(37,365)	-
Proceeds from sale of investments		22,499	-
Contract guarantee security		-	751
Loans advanced		-	(1,549)
Repayment of loans advanced		8,395	-
Net cash from/ (used in) investing activities		47,777	(29,014)
Cash flow s from financing activities			
Proceeds from the issue of share capital	10	-	214,886
Proceeds from the exercise of share options	10	50	-
Transaction costs paid on issue of share capital		-	(8,131)
Proceeds from borrowings		44,347	14,155
Repayment of borrowings		(1,349)	(452)
Repayment of finance lease liabilities		(8,486)	(8,555)
Dividends paid	12	(13,822)	(28,584)
Net cash from financing activities		20,740	183,319
Net increase in cash and cash equivalents		51,031	101,435
Cash and cash equivalents at 1 July		141,049	131,159
Cash and cash equivalents at 31 December		192,080	232,594

The condensed notes on pages 12 to 20 are an integral part of these consolidated interim financial statements.

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2010

1 Reporting entity

Whitehaven Coal Limited is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2010 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2010 is available from the Company's website www.whitehavencoal.com.au or upon request from the Company's registered office at Level 9, 1 York Street, Sydney NSW 2000.

2 Statement of compliance

The consolidated condensed interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated condensed interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2010 and any public announcements made by Whitehaven Coal Limited during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

This consolidated condensed interim financial report was approved by the Board of Directors on 22 February 2011.

The Company is of a kind referred to in ASIC Class Order 98/100, and in accordance with the Class order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 Significant accounting policies

Except as described below, the accounting policies applied by the Group in this consolidated condensed interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2010.

Changes in accounting policy and disclosures

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2010:

- a) AASB 2009-8 *Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2]*

The amendments clarify the scope of AASB 2 *Share-based Payment* by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments incorporate the requirements previously included in Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 — Group and Treasury Share Transactions*. It did not have an impact on the financial position or performance of the Group.

- b) AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]*

In May 2009 and June 2010 the AASB issued omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2010

4 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 half-years ended 31 December 2010 and 31 December 2009. 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. Information in relation to the Underground Operations segment has not yet been provided as the Narrabri project remains in development phase and currently has no revenue or results.

In thousands of AUD

Half-year ended 31 December 2010

Revenue

	Open Cut Operations	Total
Sales to external customers	338,115	338,115
Total segment revenue	<u>338,115</u>	<u>338,115</u>
Difference in treatment of foreign exchange on hedges		(19,838)
Total revenue per statement of comprehensive income		<u>318,277</u>

	Open Cut Operations	Total
Result		
Segment result	<u>68,685</u>	68,685
Depreciation and amortisation		(18,657)
Income tax expense (excluding significant items)		(14,888)
Significant items after income tax		(67,978)
Net financial expense		<u>(2,277)</u>
Net profit after tax per statement of comprehensive income		<u>(35,115)</u>

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2010

4 Segment Reporting (continued)

In thousands of AUD

Half-year ended 31 December 2009

Revenue

	Open Cut Operations	Total
Sales to external customers	204,488	204,488
Total segment revenue	<u>204,488</u>	<u>204,488</u>
		(5,970)
Difference in treatment of foreign exchange on hedges		
Total revenue per statement of comprehensive income		<u>198,518</u>

	Open Cut Operations	Total
Result		
Segment result	<u>53,864</u>	53,864
Depreciation and amortisation		(12,248)
Income tax expense (excluding significant items)		(11,992)
Significant items after income tax		56,399
Net financial expense		<u>(2,554)</u>
Net profit after tax per statement of comprehensive income		<u>83,469</u>

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2010

5 Significant items

In thousands of AUD

	Consolidated 31 Dec 2010	Consolidated 31 Dec 2009
Consideration on sale of 7.5% (2008: 15%) of Narrabri joint venture interest	-	122,429
Transaction costs	-	(208)
Assets disposed	-	(10,519)
Gain on sale of joint venture interest ¹	-	111,702
Loss on coal trading for legacy contracts ²	(77,701)	-
Due diligence costs and project costs ³	(3,626)	-
Share-based payment expense ⁴	(1,446)	(14,196)
Finance costs on EDF receivable ⁵	(13,719)	(9,903)
Significant items before tax	(96,492)	87,603
Applicable income tax expense	28,514	(31,204)
Significant items after tax	(67,978)	56,399

Reconciliation of significant items to face of Statement of comprehensive income:

Operating expenses:

Loss on coal trading for legacy contracts ² – purchased coal	(45,328)	-
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Other income:

Gain on sale of joint venture interest ¹	-	111,702
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Other expenses:

Loss on coal trading for legacy contracts ² – contract settlements	(32,373)	-
Share-based payment expense ⁴	(1,446)	(14,196)
	(33,819)	(14,196)

Administrative expenses:

Due diligence costs and project costs ³	(3,626)	-
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Financial income:

Unwinding of discount on EDF receivable ⁵	6,052	2,271
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Financial expenses:

Retranslation of EDF receivable ⁵	(19,771)	(12,174)
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Significant items before tax

(96,492)	87,603
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Significant items are amounts considered by the company not to be in the normal course of operations and are generally one-off or non-recurring.

¹ During the previous half-year period, the Company sold a further 7.5% of its joint venture interest in the Narrabri North Project to a Korean consortium, comprising Daewoo International Corporation (Daewoo) and Korea Resources Corporation (KORES), for A\$125 million, discounted to A\$122.4 million, plus 7.5% of all costs incurred since 1 January 2008. The sale took the Company's interest in the project down to 70%. The consortium has paid the A\$125 million in three tranches. The first and second tranches of \$32.5 million and \$30 million were received during the previous half-year period, as well as the consortium's 7.5% share of project development costs incurred since 1 January 2008. The third tranche of \$62.5 million was received in the current half-year period following the Company obtaining NSW Government approval for stage 2 of the Narrabri Project.

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2010

5 Significant items (continued)

² During the half-year period a significant amount of coal was purchased to fulfil legacy contracts which could not be filled from Whitehaven's own production, resulting in a significant loss before tax amounting to \$10.5 million. Where contracts could not be filled with either Whitehaven coal or purchased coal financial settlements were undertaken resulting in a loss before tax of \$21.2 million. In addition, provisions for future losses on sales of purchased coal into legacy contracts of \$34.8 million before tax and contract settlements of \$11.2 million before tax have been made.

³ During the year the group undertook due diligence and incurred project costs in relation to unsuccessful corporate and asset transactions.

⁴ This expense relates to the issue of executive shares and executive options. The Board committed to issue these shares and options on 19 February 2009. These shares and options were subsequently approved by shareholders at the AGM on 17 November 2009. Accounting standard AASB 2 deems the issue date of these shares and options to be the date shareholder approval was formally received. Accordingly the company is required to account for the issue based on the prevailing share price at the date of the AGM.

⁵ A receivable arising on a previous sell down of the Narrabri North Project is denominated in US\$ and has been discounted on initial recognition. At the reporting date the receivable has been retranslated to Australian dollars at current exchange rates, and the discount partially unwound.

6 Other expenses

<i>In thousands of AUD</i>	Consolidated 31 Dec 2010	Consolidated 31 Dec 2009
Share based compensation payments	3,208	14,597
Contract settlement & commitments ¹	32,373	-
	35,581	14,597

¹This expense relates to the cost of cash settlements of legacy contracts which could not be filled with either Whitehaven coal or purchased coal. These legacy contracts are fixed price, term contracts entered into in 2005-06 with various coal trading companies. During the half year the Group incurred a realised loss from settlements of \$21.2 million and made a provision of \$11.2 million for losses which are expected to be incurred over the remainder of these legacy contracts.

7 Cash and cash equivalents

<i>In thousands of AUD</i>	Consolidated 31 Dec 2010	Consolidated 30 June 2010
	192,080	141,049

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2010

8 Intangibles

<i>In thousands of AUD</i>	Consolidated 31 Dec 2010	Consolidated 30 June 2010
Acquired haulage rights	829	905
Rail access rights ¹	38,574	38,520
Water access rights	4,063	4,063
	43,466	43,488

¹The consolidated entity has entered into agreements with Rail Infrastructure Corporation and Australian Rail Track Corporation to underwrite 60% of the funding of a major upgrade of the Muswellbrook to Narrabri rail infrastructure which will increase the capacity of that line to more than 16 million tonnes per annum. The initial funding for the upgrade has been obtained by Rail Infrastructure Corporation and will be subject to repayment by the consolidated entity over 15 years. The corresponding asset has been recognised and represents the Group's right to rail access over that period. The access rights will be amortised on a units of production basis reflecting the economic benefit derived over the life of the access once the upgrades are complete.

9 Provisions

<i>In thousands of AUD</i>	Consolidated 31 Dec 2010	Consolidated 30 June 2010
Mine rehabilitation and closure	28,088	28,898
Onerous contracts ¹	46,048	-
Other provisions	1,000	-
	75,136	28,898
Current	48,148	1,246
Non-current	26,988	27,652
	75,136	28,898

¹This is a provision for losses which are expected to be incurred over the remainder of the Group's legacy contracts. These legacy contracts are fixed price, term contracts entered into in 2005-06 with various coal trading companies. The Group has provided for losses of \$34.8 million for coal purchased to fill legacy contracts which could not be filled from Whitehaven's own production, and \$11.2 million for the cost of cash settlements of legacy contracts which could not be filled with either Whitehaven coal or purchased coal.

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2010

10 Share capital

<i>In thousands of AUD (except for shares)</i>	Consolidated 31 Dec 2010	Consolidated 30 Jun 2010
a) Share capital		
Authorised, issued and fully paid up ordinary shares 493,700,070 (30 June 2010: 493,650,070)	591,226	591,176
b) Movements in shares on issue		
Ordinary shares		
	Consolidated 31 Dec 2010	
	No. of shares 000's	\$000's
Beginning of the period	493,650	591,176
Exercise of share options	50	50
Costs of shares issued, net of tax	-	-
	493,700	591,226

11 Share-based payments

During the half year a total of 1,305,000 Share Acquisition Rights (SARs) were issued to key senior employees as part of ongoing long term incentive plans. The SARs vest over the period 1 July 2011 to 1 July 2014 and are subject to market based performance hurdles.

12 Dividends

Dividends of \$13,822,000 were paid during the six months ended 31 December 2010 (2009: \$28,584,000).

On 22 February 2011 the Directors declared a fully franked interim dividend of 3.3 cents per share totalling \$16.3 million to be paid on 31 March 2011 with the record date for entitlement being 14 March 2011. The financial effect of this dividend has not been brought to account in the financial statements for this period.

13 Related party transactions

During the half year the consolidated entity received project consulting services from XLX Pty Limited, a company of which Tony Haggarty, Andrew Plummer and Allan Davies are all directors, amounting to \$1.1 million.

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2010

14 Interests in Joint Ventures

	% Ownership Interest	
	31 Dec 2010	30 June 2010
Joint Ventures:		
Tarrawonga Coal Project Joint Venture	70.0	70.0
Narrabri Coal Joint Venture	70.0	70.0
Blackjack Carbon Joint Venture	50.0	50.0
Jointly controlled entities:		
Tarrawonga Coal Sales Pty Limited	70.0	70.0
Blackjack Carbon Pty Limited	50.0	50.0
Blackjack Carbon Sales Pty Limited	50.0	50.0

15 Contingencies

<i>In thousands of AUD</i>	Consolidated 31 Dec 2010	Consolidated 30 June 2010
Bank guarantee to Rail Infrastructure Corporation	38,622	38,622
Performance guarantees provided to government departments in respect of restoration of certain mining leases	26,079	20,790
Bank guarantee to the Roads and Traffic Authority of NSW	400	1,650
Bank guarantee to the Newcastle Coal Infrastructure Group	16,920	16,920
Bank guarantee to Port Waratah Coal Services Limited	6,754	6,754
Bank guarantee to Peabody Coaltrade International Ltd	4,920	5,866
Other bank guarantees	82	-
	93,777	90,602

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2010

16 Subsequent events

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material nature 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, other than the following:

- The Directors have resolved to pay a fully franked interim dividend of 3.3 cents per ordinary share.
- Whitehaven has entered into an Export Credit facility to finance its share of the Narrabri longwall mining system. The facility was arranged through the ANZ Banking Group and has a limit of AUD \$95 million which fully amortises over a 10 year tenor. An initial drawdown of AUD \$42 million has occurred with future drawdowns to occur upon completion of longwall construction milestones.
- Whitehaven previously announced that it was commencing a formal process to enable selected interested parties to conduct due diligence and submit proposals for a potential corporate transaction with the company. Whitehaven has now received a number of non-binding indicative proposals and a selected short-list of parties have been invited to complete detailed due diligence and submit binding proposals. The formal process is expected to continue for a number of months and may or may not result in a final proposal being made and recommended by the Board.

Directors' declaration

In the opinion of the directors of Whitehaven Coal Limited ("the Company"):

1. the financial statements and notes set out on pages 7 to 20, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



John Conde
Chairman

22 February 2011



Tony Haggarty
Director

22 February 2011

To the members of Whitehaven Coal Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Whitehaven Coal Limited, which comprises the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the period.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Whitehaven Coal Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

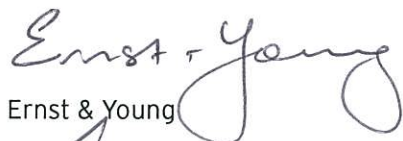
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Whitehaven Coal Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A large, stylized handwritten signature in dark ink, appearing to read 'Trent van Veen'.

Trent van Veen
Partner
Sydney

22 February 2011