



**WHITEHAVEN COAL LIMITED**

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**27 February 2009**

**WHITEHAVEN COAL LIMITED (ASX:WHC)**

Australian Stock Exchange  
Company Announcements

**HALF YEAR REPORT**

Whitehaven Coal Limited is pleased to present its half yearly report for the period ended 31 December 2008.

**Contact details for further information**  
Tony Haggarty – Managing Director

**31 December 2008****Appendix 4D**

1. This statement presents results for Whitehaven Coal Limited for the half year ended 31 December 2008 and, where applicable, comparative results for the previous year.
2. Results for announcement to the market:

	<b>Half Year 31 Dec 2008 \$'000</b>	<b>Half Year 31 Dec 2007 \$'000</b>	<b>Change</b>
Revenue from ordinary activities	275,717	69,290	+298%
Net profit/(loss) after tax before significant items	20,028	(372)	N/A
Net profit/(loss) after tax from ordinary activities	201,539	(372)	N/A
Net profit/(loss) after tax attributable to members	201,539	(372)	N/A

3. Dividends

Fully franked dividends of \$6,663,000 were paid in relation to the year ended 30 June 2008 during the six month period. The record date for the entitlement was 29 August 2008. The franked amount per ordinary share was 1.7 cents (for 391,918,453 ordinary shares).

On 27 February 2009 the Directors declared a fully franked interim dividend of 2.5 cents per share (for 407,146,935 ordinary shares) totalling \$10,178,673 to be paid on 31 March 2009 with the record date for entitlement being 11 March 2009. 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:

	<b>Half Year 31 Dec 2008</b>	<b>Half Year 31 Dec 2007</b>
NTA per security	139.69c/share	96.04c/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 2008

Interim Financial Report

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## Whitehaven Coal Limited and its controlled entities

### Directors' report

#### Interim Financial Report 31 December 2008

The directors of Whitehaven Coal Limited ("the Company") submit herewith the financial report of Whitehaven Coal Limited and its subsidiaries ("the Group") for the six months ended 31 December 2008 and the review report thereon.

#### Directors

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

<u>Name</u>	<u>Position</u>	<u>Date of appointment</u>
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)
Rob Stewart	Managing Director	1 April 2008 (resigned 16 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. During the six months ended 31 December 2008, the Group completed the development of Rocglen and Sunnyside mines, which both commenced production during the half-year. Construction of the Narrabri Project (Stage 1) continues to progress, with first coal production expected during the second quarter of the year ending 30 June 2010 ("FY2010"). A sale of a further 15% of Whitehaven Coal Limited's joint venture interest in the Narrabri North Project occurred during the half-year, taking Whitehaven Coal Ltd's interest down to 77.5%. There were no other 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 2008

#### Results of operations

The Group's net profit for the six months ended 31 December 2008 amounted to \$201,539,000 (2007: net loss \$372,000).

Highlights from the six months include the following:

Operating revenue of \$275,717,000 (2007: \$69,290,000) on sales of 1,585,000 tonnes (2007: 1,222,000) of coal on an equity basis including purchased coal;

Operating EBITDA before significant items of \$41,879,000 (2007: \$11,523,000);

Sale of a further 15% of the joint venture interest in the Narrabri Project for a gain of \$261.6 million before tax; and

Commencement of production at Sunnyside and Rocglen mines.

The operating results are summarised below:

Whitehaven Coal Limited – Consolidated	YTD Dec 08 \$000	YTD Dec 07 \$000	Movement %
Revenue	275,717	69,290	+298
Net profit/(loss) before significant items	20,028	(372)	N/A
Net profit/(loss) for the period attributable to members	201,539	(372)	N/A

The Group's operations during the half-year focused on operating and developing coal mines. There were five operating projects during the half-year, with total saleable coal production (on an equity basis) of 1,151,000 tonnes compared to 903,000 tonnes in the six months ended December 31, 2007.

The Group's net profit for the six months ended 31 December 2008 was impacted by:

- Severe downturn in metallurgical coal markets impacting planned metallurgical coal sales, however customers have continued to take delivery during the period of contracted tonnages;
- Excellent production performance from the Tarrawonga mine offset lower production from the Canyon mine as it reaches the end of its useful life
- Movement during the period from development to production of the Rocglen and Sunnyside mines ramping up saleable thermal coal production;
- Slower than anticipated coal production at Werris Creek due to issues over poor performance with the mining contractor;
- Port and rail capacity issues together with minor disruptions from rail upgrades constraining coal sales, however offset by increased train paths allowing larger 72 wagon trains towards the end of the period; and
- Successful sale of 7.5% of the Narrabri project to EdF Trading for US\$120 million and 7.5% to J-Power for A\$125 million.

## Whitehaven Coal Limited and its controlled entities

### Directors' report

### Interim Financial Report 31 December 2008

#### Investments for future performance

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

For the FY2010, the Group plans to commence underground mining at the Narrabri North Project.

The Group's key assets include:

- (a) Whitehaven Mining Precinct (Canyon: 100%, Tarrawonga: 70%, Rocglen: 100% and Sunnyside: 100%);
- (b) Werris Creek (initially 40%, from December 2007 100%); and
- (c) Narrabri (North 77.5% and South 100%)

These projects are expected to result in aggregated managed production of approximately 11,000,000 tonnes per annum by FY2011.

These production forecasts do not include possible additional production from the Narrabri South, Tarrawonga underground, Canyon West, West Blue Vale or Bonshaw exploration projects.

Under agreements with the NSW Government and the Australian Rail Track Corporation, the group has committed to underwrite 60% of the funding of a major upgrade of the Muswellbrook to Narrabri rail infrastructure, which will increase the capacity of the line to more than 15 million tonnes per annum (Mtpa) over the next two and half years. The first stage was commissioned at the end of July 2008, lifting capacity from 4 Mtpa to 7 Mtpa. The remaining upgrades will progressively increase capacity through to 2010.

Construction of the Newcastle Coal Infrastructure Group (NCIG) coal loading terminal (of which Whitehaven Coal Limited has an 11% interest) remains on track, with first coal shipments expected in early 2010.

#### Liquidity and funding

The consolidated balance sheet at 31 December 2008 shows the Group is well positioned for growth.

	Dec 2008 \$'000	June 2008 \$'000
Cash and cash equivalents	76,647	80,867 <sup>2</sup>
Interest bearing liabilities	73,514	55,226
Net cash	3,133	25,641 <sup>2</sup>
Equity	621,894	489,529
Gearing ratio <sup>1</sup>	(0.5%)	( 5.0%)

<sup>1</sup> Net debt to Net debt plus Equity

<sup>2</sup> \$25,000,000 security deposit for a sale purchase agreement has been reclassified to trade and other receivables ( Refer Note 8)

## Whitehaven Coal Limited and its controlled entities

### Directors' report

### Interim Financial Report 31 December 2008

#### 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, despite the global economic crisis resulting in decreased coal prices in the short term.

##### *Outlook*

- Increased production at Rocglen and Sunnyside as mines ramp up on-stream coal operations.
- Improved performance expected at Werris Creek with the transition of the mining operations from contracted to operating under Whitehaven management.
- Lower production from Canyon mine as it reaches then end of its life.
- Production and sales volume will continue to be limited by port constraints until the rail and port projects are completed.
- Production from Narrabri North is planned to commence in FY2010.

#### Dividends

On 27 February 2009, the directors resolved to pay a fully franked interim dividend of 2.5 cents per ordinary share to be paid on 31 March 2009 in respect of the half year ended 31 December 2008 totalling \$10.2 million (2007: Nil). The record date for entitlement to the dividend is 11 March 2009. 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 2008 \$'000	Half Year ended 31 December 2007 \$'000
Final ordinary (fully franked)	6,663	-

#### Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year 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 Company and Gloucester Coal Limited announced on 20 February 2009 that they have agreed to merge through an off-market scrip takeover offer by Gloucester Coal for all the shares in Whitehaven. Whitehaven shareholders are being offered 1 Gloucester share for every 2.45 Whitehaven shares. The merger will combine two companies with complementary operational, development and exploration profiles and create a group with combined reserves of 190Mt and resources of 922Mt with saleable production of 4.5 Mt (100% basis) in calendar year 2008.

## Whitehaven Coal Limited and its controlled entities

### Directors' report

#### Interim Financial Report 31 December 2008

##### Events subsequent to reporting date (continued)

- The Group currently has an Amortising Term Loan Facility (undrawn), a Working Capital Facility (undrawn) and a Performance Guarantee Facility (fully drawn) with the Australian branch of a major overseas bank. Subsequent to the 31 December 2008 balance date, the bank advised the company that it is winding down lending support for the mining and resource sectors in Australia and as such, have agreed to provide the Working Capital and Performance Guarantee facilities to no later than 1 July 2009. The Amortising Term Loan Facility will continue and will mature in December 2010. The Group is currently in discussions to expand its banking group to provide additional term debt, equipment finance and hedging facilities as it continues to develop its mining operations. This process is expected to conclude well before 30 June 2009.
- Mr Allan Davies was appointed as an Executive Director on 25 February 2009. Mr Davies is a mining engineer and has thirty five years experience in the Australian and international coal and metalliferous mining industries. He is a registered mine manager in Australia and South Africa. The Board proposes to issue five million options to Mr Davies in three equal tranches of 1.667 million with a strike price of \$1.70:
  - First tranche of 1.667 million options to vest on 31 October 2009
  - Second tranche of 1.667 million options to vest on 31 October 2010
  - Third tranche of 1.667 million options to vest on 31 October 2011

All options expire on 31 October 2013 if not vested.

- The Directors have resolved to pay a fully franked interim dividend of 2.5 cents per ordinary share.

#### 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 2008.

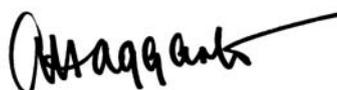
#### Rounding

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:



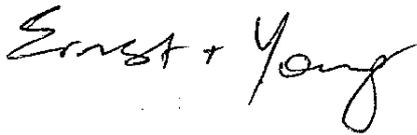
John Conde  
Chairman  
27 February 2009



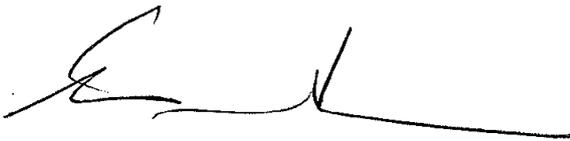
Tony Haggarty  
Managing Director  
27 February 2009

## 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 2008, 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, handwritten signature of the Ernst & Young firm, written in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Trent van Veen', written over a horizontal line.

Trent van Veen  
Partner  
Sydney

27 February 2009

**Whitehaven Coal Limited and its controlled entities**  
**Consolidated Interim Income Statement**  
**For the six months ended 31 December 2008**

<i>In thousands of AUD</i>	<i>Note</i>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 31 Dec 2007</b>
<b>Revenue</b>		275,717	69,290
Operating expenses		(200,279)	(47,560)
Depreciation & amortisation		(12,385)	(8,459)
<b>Cost of sales</b>		<b>(212,664)</b>	<b>(56,019)</b>
<b>Gross profit</b>		<b>63,053</b>	<b>13,271</b>
Other income			
Before significant items		3,087	3,078
Significant items	6	261,615	-
		<b>264,702</b>	<b>3,078</b>
Selling and distribution expenses		(18,946)	(8,781)
Other expenses	7	(12,837)	(1,605)
Administrative expenses			
Before significant items		(4,863)	(2,899)
Significant items	6	(532)	-
		<b>(5,395)</b>	<b>(2,899)</b>
<b>Profit before financing expense</b>		<b>290,577</b>	<b>3,064</b>
Financial income		3,023	2,858
Financial expenses		(4,588)	(5,771)
<b>Net financing expense</b>		<b>(1,565)</b>	<b>(2,913)</b>
<b>Profit before tax</b>		<b>289,012</b>	<b>151</b>
Income tax expense			
Before significant items		(7,901)	(523)
Significant items	6	(79,572)	-
		<b>(87,473)</b>	<b>(523)</b>
<b>Profit /(loss) for the period attributable to equity holders of the parent</b>			
<b>Before significant items</b>		<b>20,028</b>	<b>(372)</b>
<b>Significant items</b>	6	<b>181,511</b>	<b>-</b>
		<b>201,539</b>	<b>(372)</b>
<b>Earnings per share:</b>			
Basic earnings per share before significant items (cents per share)		5.0	(0.1)
Diluted earnings per share before significant items (cents per share)		5.0	(0.1)
Basic earnings per share (cents per share)		50.3	(0.1)
Diluted earnings per share (cents per share)		50.0	(0.1)

The condensed notes on pages 11 to 15 are an integral part of these consolidated interim financial statements.

**Whitehaven Coal Limited and its controlled entities**  
**Consolidated Interim Balance Sheet**  
**As at 31 December 2008**

<i>In thousands of AUD</i>	<i>Note</i>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 30 Jun 2008</b>
<b>Assets</b>			
Cash and cash equivalents	8	76,647	80,867
Trade and other receivables		172,384	48,996
Inventories		18,063	9,353
Deferred stripping		34,969	23,132
Derivative financial instruments		-	26,670
<b>Total current assets</b>		<b>302,063</b>	<b>189,018</b>
<b>Non-current assets</b>			
Trade and other receivables		156,973	27,217
Investments		37	37
Property, plant and equipment		411,116	367,818
Exploration and evaluation		3,662	1,774
Intangibles	9	26,581	17,382
Deferred tax assets		21,353	-
Derivative financial instruments		-	20,106
<b>Total non-current assets</b>		<b>619,722</b>	<b>434,334</b>
<b>Total assets</b>		<b>921,785</b>	<b>623,352</b>
<b>Liabilities</b>			
Trade and other payables		40,152	37,871
Interest-bearing loans and borrowings		28,150	22,959
Employee benefits		2,545	2,159
Deferred income		236	123
Current tax payable		85,886	10,143
Provisions		2,713	593
Derivative financial instruments		22,331	-
<b>Total current liabilities</b>		<b>182,013</b>	<b>73,848</b>
<b>Non-current liabilities</b>			
Payables		10,900	10,431
Interest-bearing loans and borrowings		45,364	32,267
Deferred tax liabilities		-	9,957
Deferred income		702	513
Provisions		12,805	6,807
Derivative financial instruments		48,107	-
<b>Total non-current liabilities</b>		<b>117,878</b>	<b>59,975</b>
<b>Total liabilities</b>		<b>299,891</b>	<b>133,823</b>
<b>Net assets</b>		<b>621,894</b>	<b>489,529</b>
<b>Equity</b>			
Share capital	10	365,765	349,854
Hedge Reserves		(51,903)	25,562
Share based payments reserve		254	1,211
Retained earnings		307,778	112,902
<b>Total equity</b>		<b>621,894</b>	<b>489,529</b>

The condensed notes on pages 11 to 15 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 2008**

In thousands of AUD	Note	Share capital	Share based payments reserve	Retained earnings	Hedge reserve	Total
Opening balance at 1 July 2008		349,854	1,211	112,902	25,562	489,529
Effective portion of changes in fair value of cash flow hedges, net of tax		-	-	-	(79,032)	(79,032)
Change in fair value of cash flow hedges transferred to profit and loss, net of tax		-	-	-	1,209	1,209
Total income and expense recognised directly in equity		-	-	-	(77,823)	(77,823)
Profit for the period		-	-	201,539	-	201,539
Total recognised income and expense		-	-	201,539	(77,823)	123,716
Dividends paid	12	-	-	(6,663)	-	(6,663)
Share based payments, net of tax	7	-	83	-	-	83
Transfer from share based payment reserve		1,040	(1,040)	-	-	-
Share options exercised		15,229	-	-	-	15,229
Adjustment to tax on share issue costs		(358)	-	-	358	-
Closing balance at 31 December 2008		365,765	254	307,778	(51,903)	621,894

In thousands of AUD		Share capital	Share based payments reserve	Retained earnings	Hedge reserve	Total
Opening balance at 1 July 2007		192,883	44	59,528	-	252,455
Effective portion of changes in fair value of cash flow hedges, net of tax		-	-	-	387	387
Change in fair value of cash flow hedges transferred to profit and loss, net of tax		-	-	-	(711)	(711)
Total income and expense recognised directly in equity		-	-	-	(324)	(324)
Loss for the period		-	-	(372)	-	(372)
Total recognised income and expense		-	-	(372)	(324)	(696)
Share based payments, net of tax	7	-	1,605	-	-	1,605
Cash received in advance of shares		1,196	-	-	-	1,196
Shares issued		107,868	-	-	-	107,868
Share issue costs, net of tax		(2,452)	-	-	-	(2,452)
Closing balance at 31 December 2007		299,495	1,649	59,156	(324)	359,976

The condensed notes on pages 11 to 15 are an integral part of these consolidated interim financial statements.

**Whitehaven Coal Limited and its controlled entities**  
**Consolidated Interim Statement of Cash Flows**  
**As at 31 December 2008**

<i>In thousands of AUD</i>	<b>Note</b>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 31 Dec 2007</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers		284,366	79,365
Cash paid to suppliers and employees		(252,876)	(77,317)
<b>Cash generated from operations</b>		<b>31,490</b>	<b>2,048</b>
Interest paid		(1,642)	(2,610)
Interest received		3,023	516
Income taxes paid		(10,129)	(1,622)
<b>Net cash provided by/(used) in operating activities</b>		<b>22,742</b>	<b>(1,668)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired		-	(33,671)
Proceeds from sale of property, plant and equipment		41,670	3,021
Acquisition of property, plant and equipment		(76,226)	(18,470)
Acquisition of intangible		-	(1,300)
Exploration and evaluation expenditure		(15)	(68)
Contract guarantee security		(5,000)	-
Issuance of loans to related entities		(1,825)	(4,868)
<b>Net cash used in investing activities</b>		<b>(41,396)</b>	<b>(55,356)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		15,229	99,064
Transaction costs paid on issue of share capital		-	(3,572)
Proceeds from borrowings		10,779	8,151
Repayment of borrowings		-	(27,716)
Payment of finance lease liabilities		(4,911)	(2,993)
Dividends paid	12	(6,663)	-
<b>Net cash provided from financing activities</b>		<b>14,434</b>	<b>72,934</b>
Net increase/(decrease) in cash and cash equivalents		(4,220)	15,910
Cash and cash equivalents at 1 July		80,867	21,185
<b>Cash and cash equivalents at 31 December</b>		<b>76,647</b>	<b>37,095</b>

The condensed notes on pages 11 to 15 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 2008

#### 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 2008 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 2008 is available from the Company's website [www.whitehaven.net.au](http://www.whitehaven.net.au) or upon request from the Company's registered office at 895 Ann Street, Fortitude Valley Qld 4006.

#### 2 Statement of compliance

The consolidated 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 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 2008 and any public announcements made by Whitehaven Coal Limited during the interim reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

This consolidated interim financial report was approved by the Board of Directors on 27 February 2009.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, 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

The accounting policies applied by the Group in this consolidated 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 2008.

#### 4 Comparative financial information

The income statement comparatives have been restated to show \$2,256,000 plant hire revenue as other income rather than operating income as disclosed in the half year financial report for the 6 months ended 31 December 2007.

The balance sheet comparatives have been restated to reflect \$1,211,000 share based payment transactions in a share based payment reserve rather than retained earnings as disclosed in the 30 June 2008 financial report.

#### 5 Segment reporting

The Group operates 5 coal mines in New South Wales. Revenue is derived from the sale of coal to customers in Asia and Australia.

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 31 Dec 2007</b>
Australia	4,827	820
Asia	270,890	68,470
	<b>275,717</b>	<b>69,290</b>

**Whitehaven Coal Limited and its controlled entities**  
**Condensed notes to the consolidated interim financial statements**  
**31 December 2008**

**6 Significant items**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 31 Dec 2007</b>
Consideration on sale of 15% of Narrabri joint venture interest	285,345	-
Transaction costs	(520)	
Assets disposed	(23,210)	-
Gain on sale of joint venture interest <sup>1</sup>	261,615	-
Restructure provision <sup>2</sup>	(532)	
Significant items before tax	261,083	
Applicable income tax expense	(79,572)	-
Significant items after tax	<u>181,511</u>	-

1. During the half-year period, the Group sold a further 15% of its joint venture interest in the Narrabri North Project, taking its interest in the project down to 77.5%. EDF Trading (EDFT) and Electric Power Development Co, Ltd (J-Power) each purchased 7.5% interests, joining Upper Horn Investments Limited (UHI), as joint venture participants in this project.

EDFT will pay the Group US\$120 million (A\$160.3 million) in a series of tranches over the next three calendar years, and will contribute its 7.5% share of all development costs incurred since 1 January 2008. Proceeds receivable from EDFT over the next three years have been accounted as A\$36.2 million as current Trade and other receivables and A\$124.1 million as non-current Trade and other Receivables.

J-Power will pay the Group A\$125 million, to be settled in two tranches, plus J-Power's 7.5% share of project development costs incurred since 1 January 2008. The first tranche of A\$41.7 million was received during the half-year period, as well as J-Power's 7.5% share of project development costs incurred since 1 January 2008. The second tranche of \$83.3 million has been included in current trade and other receivables and is payable when the Company obtains NSW Government environmental approval for Stage 2 of the Narrabri Project.

2. Following strategic management changes of the Group, the corporate office was relocated from Brisbane to Sydney. This would result in costs of \$532,000 associated with redundancies and office closure.

**7 Other expenses**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 31 Dec 2007</b>
Share based compensation payments	83	1,605
Contract settlement commitments	12,754	-
	<u>12,837</u>	<u>1,605</u>

**8 Cash and Cash equivalents**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 30 Jun 2008</b>
Cash and cash equivalents	<u>76,647</u>	<u>80,867</u>

Included in Trade and Other Receivables is a 30 day term deposit for \$30,000,000 (30 June 2008: \$25,000,000) as security for a sale and purchase agreement with a major customer to supply coal to 31 March 2010.

**Whitehaven Coal Limited and its controlled entities**  
**Condensed notes to the consolidated interim financial statements**  
**31 December 2008**

**9 Intangibles**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 30 Jun 2008</b>
Acquired haulage rights	1,134	1,211
Rail access rights <sup>1</sup>	24,494	15,218
Other intangibles	953	953
	<hr/>	<hr/>
	26,581	17,382

1. The consolidated group has entered into agreements with the 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 15 million tonnes per annum over the next three years. The initial funding for the upgrade has been obtained by Rail Infrastructure Corporation and will be subject to repayment by the consolidated group 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.

**10 Share capital**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 30 Jun 2008</b>
<b>a) Share capital</b>		
Authorised, issued and fully paid up ordinary shares 407,146,935 (2007: 363,541,240)	365,765	349,854

**b) Movements in shares on issue**

*Ordinary Shares*

	<b>No. of shares 000's</b>	<b>Issue Price \$000's</b>	<b>\$000's</b>
Paid up share capital as at 30 June 2008	391,918	-	349,854
Transfer from share based payment reserve	-	-	1,040
Share options exercised	15,229	1.00	15,229
Adjustment to tax on costs of share issue	-	-	(358)
	<hr/>		
Paid up share capital as at 31 December 2008	407,147	-	365,765

**11 Share-based payments**

During the half year the following, director related entity options for Tranche 2 and Tranche 3 as disclosed at note 36 in the 30 June 2008 Annual Report were exercised:

- Tony Haggarty (Managing Director) 7,614,241 shares at \$1.00 per share.
- Andy Plummer (Executive Director) 7,614,241 shares at \$1.00 per share.

**Whitehaven Coal Limited and its controlled entities**  
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**12 Dividends**

Dividends of \$6,663,000 were paid during the six months ended 31 December 2008 (2007: nil).

On 27 February 2009 the Directors declared a fully franked interim dividend of 2.5 cents per share totalling \$ 10.2 million to be paid on 31 March 2009 with the record date for entitlement being 11 March 2009. The financial effect of this dividend has not been brought to account in the financial statements for this period.

**13 Interests in Joint Ventures and Associates**

<b>Joint Ventures</b>	<b>% Ownership Interest</b>	
	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>
Tarrawonga Coal Project Joint Venture	70.0	70.0
Narrabri Coal Joint Venture	77.5	92.5
<b>Associates</b>		
Tarrawonga Coals Sales Pty Limited	70.0	70.0

**14 Contingencies**

**Guarantees**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2008</b>	<b>Consolidated 30 Jun 2008</b>
Bank guarantee to Rail Infrastructure Corporation	30,000	28,820
Performance guarantees provided to government departments in respect of restoration of certain mining leases.	20,585	16,901
Set off deed guarantee <sup>1</sup>	28,868	20,777
Other bank guarantees	250	28
	<b>79,703</b>	<b>66,526</b>

1. A guarantee has been provided by the company's bank in relation to a sale and purchase contract.

**Whitehaven Coal Limited and its controlled entities**  
**Condensed notes to the consolidated interim financial statements**  
**31 December 2008**

**15 Subsequent events**

There has not arisen in the interval between the end of the financial year 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 Company and Gloucester Coal Limited announced on 20 February 2009 that they have agreed to merge through an off-market scrip takeover offer by Gloucester Coal for all the shares in Whitehaven.
- Whitehaven shareholders are being offered 1 Gloucester share for every 2.45 Whitehaven shares. The merger will combine two companies with complementary operational, development and exploration profiles and create a group with combined reserves of 190Mt and resources of 922Mt with saleable production of 4.5 Mt (100% basis) in calendar year 2008.
- The Group currently has an Amortising Term Loan Facility (undrawn), a Working Capital Facility (undrawn) and a Performance Guarantee Facility (fully drawn) with the Australian branch of a major overseas bank. Subsequent to the 31 December 2008 balance date, the bank advised the company that it is winding down lending support for the mining and resource sectors in Australia and as such, have agreed to provide the Working Capital and Performance Guarantee facilities to no later than 1 July 2009. The Amortising Term Loan Facility will continue and will mature in December 2010. The Group is currently in discussions to expand its banking group to provide additional term debt, equipment finance and hedging facilities as it continues to develop its mining operations. This process is expected to conclude well before 30 June 2009.
- Mr Allan Davies was appointed as an Executive Director on 25 February 2009. Mr Davies is a mining engineer and has thirty five years experience in the Australian and international coal and metalliferous mining industries. He is a registered mine manager in Australia and South Africa.  
The Board proposes to issue five million options to Mr Davies in three equal tranches of 1.667 million with a strike price of \$1.70:
  - First tranche of 1.667 million options to vest on 31 October 2009
  - Second tranche of 1.667 million options to vest on 31 October 2010
  - Third tranche of 1.667 million options to vest on 31 October 2011

All options expire on 31 October 2013 if not vested.

- The Directors have resolved to pay a fully franked interim dividend of 2.5 cents per ordinary share.

## Directors' declaration

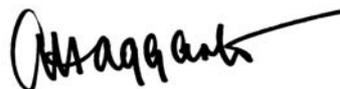
In the opinion of the directors of Whitehaven Coal Limited ("the Company"):

1. the financial statements and notes set out on pages 7 to 15, 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 2008 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  
27 February 2009



Tony Haggarty  
Managing Director  
27 February 2009

## Independent auditor's report 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 balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement 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 half-year end or from time during the half-year.

### Directors' Responsibility for the 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 2008 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 Mining 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.

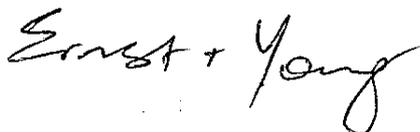
### Independence

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.

## 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 2008 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*.



Ernst & Young



Trent van Veen  
Partner

Sydney

27 February 2009