



WHITEHAVEN COAL LIMITED

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27 February 2008

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 2007.

Contact details for further information

Keith Ross – Managing Director
Rob Stewart - CEO

Appendix 4D

1. This statement presents results for Whitehaven Coal Limited for the half year ended 31 December 2007 and, where applicable, comparative results for the previous year.

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

	Half Year 31 Dec 2007 \$'000	Half Year 31 Dec 2006 \$'000	Change
Revenue from ordinary activities	71,546	41,499	Up 72.4%
Net Profit/(Loss) After Tax from ordinary activities	(372)	9,922	Down 103.7%
Net Profit/(Loss) After Tax attributable to members	(372)	9,922	Down 103.7%

3. Dividends

No dividends were paid in relation to the year ended 30 June 2007 and no interim dividend is proposed to be paid in relation to the half-year ended 31 December 2007.

4. Net Tangible Assets (NTA) per security:

	Half Year 31 Dec 2007	Half Year 31 Dec 2006
NTA per security	92.9c/share	811.4c/share

5. On 30 November 2007 the company completed the acquisition of Creek Resources Pty Limited which holds a 60% interest in the Werris Creek Joint Venture. Full details are disclosed in Note 6 to the Interim Financial Statements.

6. 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 2007

Interim Financial Report

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Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2007

The directors present their report together with the consolidated financial report of Whitehaven Coal Limited ('the Company') for the six months ended 31 December 2007 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
Keith Ross	Managing Director	3 May 2007
Neil Chatfield	Director	3 May 2007
Tony Haggarty	Director	3 May 2007
Alex Krueger	Director	3 May 2007
Hans Mende	Director	3 May 2007
Andrew Plummer	Director	3 May 2007

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 2007, Whitehaven Coal Limited and its controlled entities ("the Group") completed the acquisition of Creek Resources Pty Ltd, resulting in it holding a 100% interest in the Werris Creek coal mine, and was granted development approval for the Narrabri project. The mining lease for Narrabri was granted in January 2008 allowing for the full development of a new underground coal mine. There were no other significant changes in the nature of the activities of the Group during the period. This is the first interim financial report of the Group.

Operating and financial review

Results of operations

The Group's net loss for the six months ended 31 December 2007 amounted to \$372,000 (2006: net profit \$9,922,000).

Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2007

Results of operations (contd.)

Highlights from the six months include the following:

- Revenue of \$71,546,000 on sales of 903,000 tonnes of coal
- Operating EBITDA ¹ of \$13,128,000
- Successful capital raising in December 2007
- Increased investment in Werris Creek mine from 40% to 100%
- Approval received for the Narrabri project to allow construction to commence in January 2008
- Approval of construction of the new Newcastle coal terminal in which Whitehaven holds 11.06%

The operating results are summarised below:

Whitehaven Coal Limited – Consolidated	YTD	YTD	Movement %
	Dec 07 \$000	Dec 06 \$000	
Revenue	71,546	41,499	72.4%
Net (loss)/profit for the period attributable to members	(372)	9,922	(103.7)%

The Group's net profit for the six months ended 31 December 2007 was negatively impacted by:

- poor performance of the mining contractor at Werris Creek;
- port congestion and high demurrage rates;
- the impact of some lower priced carried-over "legacy" coal contracts;
- the volatility in the AUD/USD exchange rate in July 2007 prior to the implementation of the new FX risk management policy (a net loss of \$2,317,000 has been included in financial expenses, representing the loss on derivatives which did not qualify for hedge accounting and the ineffective portion of hedges); and
- the early vesting of options to director related entities due to the strong performance of the Company's share price.

The Group's operations during the year focused on operating and developing coal mines. There were three operating projects during the period with total saleable coal production (on an equity basis) of 903,000 tonnes compared to 638,000 tonnes in the six months ended December 31, 2006.

The Company completed a capital raising of \$97,868,000 issuing 36.9 million shares in December 2007. An additional 3.6 million shares were issued in December 2007 as part of the consideration for the acquisition of Creek Resources Pty Ltd.

¹ before non-cash share based payments.

Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2007

Investments for future performance

The Group has interests in three operating mines (Canyon, Tarrawonga opencut and Werris Creek) 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.

During the year ending 30 June 2009 ("FY09"), the Group plans to commence mining at two additional open cut mines (Belmont and Sunnyside) within the Whitehaven Mining Precinct and a large underground project at Narrabri North.

The Group's key assets include:

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

These projects are expected to result in aggregated managed production of approximately 11,000,000 tonnes per annum by FY11.

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 an agreement completed with the NSW Government, the Group has committed to underwrite 60% of the funding of a major upgrade of the Werris Creek to Narrabri rail infrastructure which will increase the capacity of that line to more than 10 million tonnes per annum over the next two years. The first stage of this upgrade is to be commissioned in the first half of calendar year 2008 and will provide a 70% increase over the current capacity.

Liquidity and funding

The consolidated balance sheet at 31 December 2007 shows the Group is well positioned for growth.

<i>In thousands of AUD</i>	Dec 2007	Dec 2006
Cash and cash equivalents	37,095	21,185
Interest bearing liabilities	66,589	76,695
Net debt	29,494	55,510
Equity	359,976	252,455
Gearing ratio ¹	7.6%	18.0%

¹ Net debt to Net debt plus Equity

Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2007

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 2008 ("JFY08").

Outlook

- Strong productivity to continue at all operations with improved performance at Werris Creek under Whitehaven management.
- Market coal prices for JFY08 are expected to increase in line with current spot prices.
- Production and sales volume will be limited by port constraints.
- Benefit of strengthening market will be negatively affected by some legacy sales contracts
- Production from Belmont and Sunnyside is planned to commence in the second half of the 2008 calendar year ("CY08").
- Rail capacity to Gunnedah to increase by 70% with longer trains commencing in the first half of CY08.
- Planning approval for the Narrabri North Coal project has been received and construction commenced in January 2008.

Dividends

No dividends were declared during the six months ended 31 December 2007 (2006:nil) or subsequent to period end.

Whitehaven Coal Limited and its controlled entities

Directors' report

Interim Financial Report 31 December 2007

Events subsequent to reporting date

Subsequent to reporting date the Group has:

- agreed to sell down a 7.5% interest in the Narrabri Coal Project for \$67,500,000 to Guangdong Yudean Group Co. Ltd in China;
- repaid the unsecured loan from AMCI Investments, a related entity, of \$33,527,000 (US\$29,636,000);
- issued 12,125,470 ordinary shares in accordance with the placement of shares to related parties approved at the General Meeting held on 15 January 2008;
- issued 2,024,777 shares in accordance with the share purchase plan advised to the market on 6 December 2007; and
- issued 5,010,000 ordinary shares following the exercise of two unlisted options.

Other than the matters discussed above, 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 and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

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 2007.

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 2008



Keith Ross
Director

27 February 2008



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

To the directors of Whitehaven Coal Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the six months ended 31 December 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Jason Adams
Partner

Brisbane

27 February 2008

Whitehaven Coal Limited and its controlled entities
Consolidated interim income statement
For the six months ended 31 December 2007

<i>In thousands of AUD</i>	Note	Consolidated 31 Dec 2007	Consolidated 31 Dec 2006
Revenue		71,546	41,499
Cost of sales		(56,016)	(29,321)
Gross profit		15,530	12,178
Other income		819	2,134
Selling and distribution expenses		(8,781)	(4,502)
Administrative expenses		(2,899)	(1,337)
Other expenses	11	(1,605)	-
Profit before net financing income / (expense)		3,064	8,473
Financial income		2,858	7,627
Financial expenses		(5,771)	(1,924)
Net financing income / (expense)		(2,913)	5,703
Profit before tax		151	14,176
Income tax benefit/(expense)		(523)	(4,254)
Profit for the period attributable to equity holders of the Company		(372)	9,922
Earnings per share:			
Basic earnings per share (cents per share)		(0.1)	3.3
Diluted earnings per share (cents per share)		(0.1)	3.3

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 2007

In thousands of AUD	Note	Issued capital	Retained earnings	Hedge reserve	Total
Opening balance at 1 July 2007		192,883	59,572	-	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)
Profit for the period		-	(372)	-	(372)
Total recognised income and expense		-	(372)	(324)	(696)
Share based payments, net of tax	11	-	1,605	-	1,605
Cash received in advance of shares	8	1,196	-	-	1,196
Shares issued	8	107,868	-	-	107,868
Costs of shares issued, net of tax	8	(2,452)	-	-	(2,452)
Closing balance at 31 December 2007		299,495	60,805	(324)	359,976

In thousands of AUD		Issued capital	Retained earnings	Hedge reserve	Total
Opening balance at 1 July 2006		31,000	22,254	-	53,254
Profit for the period		-	9,922	-	9,922
Total recognised income and expense		-	9,922	-	9,922
Closing balance at 31 December 2006		31,000	32,176	-	63,176

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 2007

<i>In thousands of AUD</i>	Note	Consolidated 31 Dec 2007	Consolidated 30 Jun 2007
Assets			
Cash and cash equivalents		37,095	21,185
Trade and other receivables		21,058	14,024
Inventories		15,025	10,768
Deferred stripping		20,308	11,425
Current tax receivable		1,647	25
Derivative financial instruments	3	7,834	5,202
Total current assets		102,967	62,629
Non-current assets			
Trade and other receivables		2,476	2,214
Biological assets		80	80
Investments		37	37
Property, plant and equipment	7	336,950	267,612
Exploration and evaluation		1,739	1,672
Other intangible assets		2,210	920
Deferred tax assets		8,626	7,876
Derivative financial instruments	3	369	8,870
Total non-current assets		352,487	289,281
Total assets		455,454	351,910
Liabilities			
Trade and other payables		20,153	15,823
Interest-bearing loans and borrowings	10	24,586	22,294
Employee benefits		1,800	1,380
Deferred income		59	62
Provisions		660	708
Total current liabilities		47,258	40,267
Non-current liabilities			
Interest-bearing loans and borrowings	10	42,003	54,401
Deferred income		233	262
Provisions		5,984	4,525
Total non-current liabilities		48,220	59,188
Total liabilities		95,478	99,455
Net assets		359,976	252,455
Equity			
Share capital		299,495	192,883
Reserves		(324)	-
Retained earnings		60,805	59,572
Total equity	8	359,976	252,455

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
For the six months ended 31 December 2007

<i>In thousands of AUD</i>	Note	Consolidated 31 Dec 2007	Consolidated 31 Dec 2006
Cash flows from operating activities			
Cash receipts from customers		79,365	41,201
Cash paid to suppliers and employees		(77,317)	(39,866)
Cash generated from operations		2,048	1,335
Interest paid		(2,610)	(768)
Interest received		516	-
Income taxes paid		(1,622)	(1,000)
Net cash used in operating activities		(1,668)	(433)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	6	(33,671)	-
Proceeds from sale of property, plant and equipment		3,021	-
Acquisition of property, plant and equipment		(18,470)	(36,856)
Acquisition of intangible		(1,300)	-
Exploration and evaluation expenditure		(68)	(859)
Issuance of loans to related entities		(4,868)	(4,571)
Net cash used in investing activities		(55,356)	(42,286)
Cash flows from financing activities			
Proceeds from the issue of share capital	8	99,064	-
Transaction costs paid on issue of share capital	8	(3,572)	-
Proceeds from borrowings	10	8,151	67,855
Repayment of borrowings	10	(27,716)	(2,280)
Payment of finance lease liabilities	10	(2,993)	(2,127)
Net cash from financing activities		72,934	63,448
Net increase in cash and cash equivalents		15,910	20,729
Cash and cash equivalents at 1 July		21,185	1,756
Cash and cash equivalents at 31 December		37,095	22,485

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 2007

1 Reporting entity

Whitehaven Coal Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2007 is available from the Company's website 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 2007.

This consolidated interim financial report was approved by the Board of Directors on 27 February 2008.

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

Except as described below, 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 2007.

Derivative financial instruments – cash flow hedge accounting

The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operating activities. All derivatives held at 30 June 2007 were foreign currency options which did not qualify for hedge accounting and were recognised at fair value through the income statement.

During the six months ended 31 December 2007, the Group converted its hedge book comprising foreign currency options to forward exchange contracts. To the extent the Group satisfies the requirements for cash flow hedge accounting, changes in the fair value of the forward exchange contracts are recognised directly in equity. To the extent the hedge is ineffective, changes in fair value are recognised in the income statement. If the hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. Other aspects of the financial instruments policy are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2007.

A net loss of \$2,317,000 has been included in financial expenses for the six months ended 31 December 2007, representing a loss on derivatives which did not qualify for hedge accounting together with the ineffective portion of changes in fair value of cash flow hedges.

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2007

4 Estimates

The preparation of the interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2007.

During the six months ended 30 June 2007 management reassessed its estimates in respect of the useful life of certain property, plant and equipment (see note 7).

5 Segment Reporting

The Group operates within the coal industry in Australia.

6 Acquisition of subsidiaries

Acquisition of Creek Resources Pty Limited

On 30 November 2007 the Group acquired Creek Resources Pty Ltd, which holds a 60% interest in the Werris Creek Joint Venture. Subsequent to the acquisition, the Group owns 100% of the Werris Creek coal mine in NSW. The Group has determined, on a provisional basis, that the acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre – acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
<i>In thousands of AUD</i>			
Cash and cash equivalents	3,917		3,917
Property, plant and equipment	11,197	50,664	61,861
Trade and other receivables	4,582		4,582
Inventories	1,764		1,764
Deferred stripping	1,913		1,913
Deferred tax asset/(liability)	(619)	633	14
Trade and other payables	(6,229)		(6,229)
Interest-bearing loans and borrowings	(4,638)		(4,638)
Unsecured loans	(11,076)		(11,076)
Provisions	(1,461)		(1,461)
Net identifiable assets and liabilities	(650)	51,297	50,647
Goodwill on acquisition			-
Consideration paid, satisfied through issuance of shares*			(10,000)
Consideration paid, satisfied in cash**			40,647
Consideration payable at 31 December 2007			(3,059)
Cash acquired			(3,917)
Net cash outflow			33,671

* Whitehaven Coal Limited issued 3,610,108 ordinary shares

** Includes transaction costs of \$322,000

Refer to Note 12 for details of contingent purchase consideration in relation to the acquisition.

Pre-acquisition carrying amounts were determined based on applicable AASBs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2007

6 Acquisition of subsidiaries (continued)

Acquisition of hauling business

On 30 November 2007, the Group incorporated a wholly-owned subsidiary, WC Contract Hauling Pty Ltd, to acquire a business which provides hauling services. The cost of the acquisition was \$2,860,000 paid in cash, which was allocated to property, plant and equipment of \$1,560,000 and a contract-related intangible of \$1,300,000.

7 Property, plant and equipment

During the six months ended 31 December 2007, the Group increased its estimate of economically recoverable reserves at the Werris Creek mine. In accordance with the Group's accounting policy, mining property and development assets are depreciated on a units of production basis over the life of the economically recoverable reserves. This change in accounting estimate has been applied prospectively from 1 July 2007 and resulted in a decrease in depreciation expense for the six months ended 31 December 2007 of \$815,000.

8 Share capital

<i>In thousands of AUD (except for shares)</i>	Consolidated 31 Dec 2007	Consolidated 31 Dec 2006
a) Share capital		
Authorised, issued and fully paid up ordinary shares 363,541,240 (2006: 31,000,000)	299,495	31,000
b) Movements in shares on issue		
Ordinary shares		
	Consolidated 31 Dec 2007	Consolidated 31 Dec 2006
	No. of shares 000's	No. of shares 000's
	\$000's	\$000's
Beginning of the period	323,000	192,883
Cash received in advance of shares issued	-	1,196
Issued for cash	36,931	97,868
Acquisition of Creek Resources Pty Ltd	3,610	10,000
Costs of shares issued, net of tax	-	(2,452)
	363,541	299,495
	31,000	31,000

b) Movements in shares on issue

Subsequent to 31 December 2007, the Group issued 12,125,470 ordinary shares in accordance with the placement of shares to related parties approved at the General Meeting held on 15 January 2008, 2,024,777 shares in accordance with the share purchase plan advised to the market on 6 December 2007 and 5,010,000 ordinary shares following the exercise of two unlisted options. The ordinary shares were issued for cash consideration of \$42,508,000.

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2007

9 Dividends

There were no dividends paid or declared during the six months ended 31 December 2007 (2006: nil).

10 Interest bearing liabilities

The following interest bearing liabilities were issued and repaid during the six months ended 31 December 2007:

<i>In thousands of AUD</i>	Consolidated 31 Dec 2007 Carrying value	Consolidated 31 Dec 2006 Carrying value
Opening balance	76,695	25,594
New issues		
Finance lease liabilities	8,151	32,043
Unsecured loan from related entity	-	35,812
Acquisition of loan through business combination	11,076	-
Repayments		
Acquired loan	(11,076)	-
Finance lease liabilities	(2,993)	(2,127)
Secured bank loan	(16,640)	(2,280)
Foreign exchange impact	1,376	1,386
Closing balance	<u>66,589</u>	<u>87,656</u>

Subsequent to 31 December 2007, the Group repaid the unsecured loan from AMCI Investments, a related entity, of \$33,527,000 (US\$29,636,000).

11 Share-based payments

Issue of options to Chief Executive Officer

The Company issued share options to the chief executive officer appointed during the six months ended 31 December 2007. The terms and conditions of the grant are as follows.

Grant Date	Number of options	Vesting Date	Exercise Price per share	Term
5 September 2007	1,000,000	22 October 2008	\$2.50	5 years
5 September 2007	1,000,000	22 October 2009	\$2.50	5 years
5 September 2007	1,000,000	22 October 2010	\$2.50	5 years

If employment is terminated within three years of commencement, any options that have not been vested will be forfeited.

The fair value of the options is between 2.0 and 6.9 cents per option using a Black Scholes model.

Whitehaven Coal Limited and its controlled entities
Condensed notes to the consolidated interim financial statements
31 December 2007

11 Share-based payments (continued)

Other share based payments

Options were issued to director related entities during the year ended 30 June 2007 under the Equity Participation and Option Deed. Details of the options granted during the prior period are set out in Note 34 of the annual financial report. The vesting conditions in relation to Option 1 and Option 2 granted to director related entities during the year ended 30 June 2007 were satisfied during the six months ended 31 December 2007.

The following amounts are included in “other expenses” in the income statement in relation to share based payments:

<i>In AUD</i>	31 Dec 2007
Share options granted in 2007 – director related entities	1,577,200
Share options granted in 2008 – CEO	28,003
	<hr/>
	1,605,203
	<hr/>

There were no share based payments in the six month period ended 31 December 2006.

12 Contingencies

As set out in Note 6, the Group acquired Creek Resources Pty Ltd during the six months ended 31 December 2007. Under the terms of the purchase agreement, additional consideration will be payable if development consent is obtained covering additional Werris Creek reserves beyond 5Mt at \$2/tonne. No amounts have been recognised in respect of this contingent purchase consideration at 31 December 2007. There were no other significant changes to contingent liabilities at 31 December 2007.

13 Commitments

Under an agreement completed with the NSW Government, the Group has committed to underwrite 60% of the funding of a major upgrade of the Werris Creek to Narrabri rail infrastructure which will increase the capacity of that line to more than 10 million tonnes per annum over the next two years. The Group's commitment in calendar year 2008 is estimated to be \$24,000,000 with a further \$5,400,000 committed in calendar year 2009.

14 Subsequent events

On 27 February 2008, the Group agreed to sell down a 7.5% interest in its Narrabri Coal Project for \$67,500,000 to Upper Horn Investments (Australia) Pty Ltd, part of the Chinese Guangdong Yudean Group Co. Ltd.. The financial impact of this transaction cannot be estimated at this time.

Other than the matters described above and in Notes 8 and 10, there has not arisen since the end of the financial period any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial periods.

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 2007 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.

The image shows two handwritten signatures in black ink. The signature on the left is 'John Conde' and the signature on the right is 'Keith Ross'. Both signatures are written in a cursive, flowing style.

John Conde
Chairman
27 February 2008

Keith Ross
Director
27 February 2008



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

We have reviewed the accompanying interim financial report of Whitehaven Coal Limited, which comprises the consolidated interim balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the interim period ended on that date, a description of accounting policies and other explanatory notes 1 to 14 and the directors' declaration of the Group comprising the company and the entities it controlled at the interim period's end or from time to time during the interim period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2007 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Whitehaven Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Whitehaven Coal Limited is not 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 2007 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Jason Adams
Partner

Brisbane

27 February 2008