

# ASX RELEASE

**16<sup>th</sup> February 2012**

**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**

# ASX RELEASE

## Whitehaven Coal Limited Financial Results for half-year ending 31 December 2011 (HY12)

SYDNEY, 16 February 2012 - Whitehaven Coal Limited (ASX:WHC) today reported its financial results for the six months to December 31, 2011.

### FINANCIAL HIGHLIGHTS

- Revenue of \$340.4 million up 6.9% on previous corresponding period.
- Net profit after tax (NPAT) of \$19.9 million up from a loss of \$35.1 million in the previous corresponding period
- Underlying NPAT (excluding Significant Items) of \$22.0 million, down from \$32.9 million in the first half of FY 2011, due mainly to delivery of much higher tonnages of Legacy contracts in the first half of FY 2012.
- EBITDA of \$58.0 million, including \$28.8 million loss from sales of purchased coal and cash settlement of Legacy contracts.
- Directors resolved not to pay an interim dividend for the half year pending the outcome of the proposed merger with Aston Resources, where a conditional special fully franked dividend of \$0.50 is proposed to be payable to Whitehaven shareholders immediately prior to the merger completion.
- Cash used in operations of \$32.3 million with net cash outflow of \$104.1 million.
- Strong financial position at 31 December with net assets of \$1,017.2 million, including \$103.5 million cash on hand and interest bearing liabilities of \$247.4 million.
- Significant available liquidity with the completion of the group's new long-term bilateral banking facility on a 5 year tenor for \$350 million (\$50 million drawn at December 31 2011) to be used for working capital and general corporate purposes.
- Whitehaven also secured an expansion of its existing debt facilities by a total of \$450 million in December 2011, to deal with any funding contingencies or cash requirements of the proposed merged group.
- Whitehaven had a total of approximately US\$204m in forward US\$/A\$ exchange contracts at the end of December, at an average exchange rate of AUD 1.00 = US\$ 0.9465.

### OPERATING HIGHLIGHTS

- Saleable coal production increased:
  - 13% to 2.464 Mt (100% basis)
  - 14% to 2.155 Mt (equity basis)
- Total coal sales down, with more coal purchased to meet legacy contracts:
  - down 4% to 3.289 Mt (100% basis)
  - down 4% to 2.997 Mt (equity share)
- Legacy contract deliveries for the half totalled 0.85 Mt, with a further 0.73 Mt settled from purchase of coal or cash settlement. This leaves around 0.33 Mt of legacy contracts remaining, to be delivered in the March quarter of 2012, in line with management's expectations.

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- Open cut mine production was adversely affected in the last few months of the half year with the interruption of explosives deliveries following the Orica plant shutdown in Newcastle and the consequential changes in mining sequences at most mines, as well as adverse weather in November and December.
- NSW Government approvals for the extension of the Rocglen and Werris Creek open cut mines have been received, allowing maximum resource extraction. In the case of Werris Creek, the new approval allows production of up to 2.5 Mtpa for 20 years.
- Narrabri underground development continued during the December quarter with four continuous miners operating and a total of 143,000 tonnes (Kt) of ROM coal produced in the half.
- Narrabri mining conditions and development productivity remain good. However, Narrabri continues to experience difficulty in recruiting sufficient experienced underground miners and contractors to fully utilise its four development mining units. This has resulted in a shortfall of development against plan year to date of approximately 509 metres at the end of December.
- Longwall production is expected to commence in mid to late April. Construction of the longwall is complete and workforce training is well underway. Disassembly of the longwall and transport underground is expected to commence in early March.
- NCIG Stages 1 and 2AA continued to operate and develop as planned. Shareholder commitment and financing of the final stage of NCIG (Stage 2F) was achieved in August.
- Whitehaven entered into a substitute shipper agreement with another NCIG user for additional port capacity during the period 2012-2015.
- Access was obtained to additional PWCS port capacity from T4, scheduled for 2015.
- A third new train was delivered to Whitehaven under the PN long term rail haulage contract.

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

“Whitehaven has established its position as the leading coal producer in the Gunnedah Basin.

“The Narrabri mine remains on target for longwall operations to commence in April 2012.

“Construction of the longwall is complete and workforce training is well underway. Disassembly of the longwall and transport underground is expected to commence in early March.

“Our open cut operations produced a solid result but production was below planned levels due to wet weather in the December quarter, and difficulties with explosives supply because of the Orica plant shut down in Newcastle.

“Production at the open cuts has been impacted again in the March quarter with the significant rain events in the Gunnedah Basin causing road damage, mine closures and significant in-pit water.

“Our mines were not damaged by floodwaters associated with the high rainfall, and no equipment on site was damaged.

“All mines are now back in production again and access to sites has returned to normal.

“Significant work has been carried out to ensure that our proposed merger with Aston Resources, and acquisition of Boardwalk Resources is implemented smoothly should it be approved by the relevant parties.

“Documentation relating to the two transactions is at an advanced stage and will be issued to shareholders as soon as possible.

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“These transactions are significant milestones in Whitehaven’s development and will create one of Australia’s leading independent coal companies. We urge shareholders to review the appropriate documentation carefully.”

### FINANCIAL PERFORMANCE

	HY 2012 \$m	HY 2011 \$m	Movement
Sales revenue	340.4	318.3	+6.9%
EBITDA before significant items	58.0	68.2	-15.0%
EBIT before significant items	39.4	49.6	-20.6%
NPAT before significant items	22.0	32.9	-33.0%
Significant items net of tax	-2.1	-68.0	+96.9%
NPAT after significant items	19.9	-35.1	+156.7%
EPS-diluted	4.0 cents	-7.1 cents	+156.3%

	HY 2012 \$m	HY 2011 \$m
Cash on Hand	103.5	192.1
Interest Cover Ratio (times) <sup>1</sup>	5.17	8.55
Interest Bearing Liabilities	247.4	142.3
Net Cash Position	-143.9	49.8
Net Assets	1,017.2	1,032.4
Gearing Ratio <sup>2</sup>	16.5%	-4.6%

<sup>1</sup> EBIT before significant items to Interest Expense excluding FX in financing expense

<sup>2</sup> Net Debt to Net Debt plus Equity

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## OPERATING PERFORMANCE

### Consolidated Equity production and Sales (Equity Share)

Whitehaven Total – 000t	HY 2012	HY 2011	Movement
<b>ROM Coal Production</b>	<b>2,226</b>	2,015	<b>+10%</b>
<b>Saleable Coal Production</b>	<b>2,155</b>	1,895	<b>+14%</b>
<b>Sales of Produced Coal</b>	<b>2,166</b>	1,948	<b>+11%</b>
<b>Sales of Purchased Coal</b>	<b>831</b>	1,184	<b>-30%</b>
<b>Total Coal Sales</b>	<b>2,997</b>	3,133	<b>-4%</b>
<b>Coal Stocks at Period End</b>	<b>406</b>	347	<b>+17%</b>

### Whitehaven Gunnedah Operations (Equity Share)

Whitehaven Total – 000t	HY 2012	HY 2011	Movement
<b>ROM Coal Production</b>	<b>1,411</b>	1,302	<b>+8%</b>
<b>Saleable Coal Production</b>	<b>1,251</b>	1,163	<b>+7%</b>
<b>Sales of Produced Coal</b>	<b>1,238</b>	1,230	<b>+1%</b>
<b>Sales of Purchased Coal</b>	<b>831</b>	1,184	<b>-30%</b>
<b>Total Coal Sales</b>	<b>2,069</b>	2,414	<b>-14%</b>
<b>Coal Stocks at Period End</b>	<b>247</b>	207	<b>+19%</b>

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### Werris Creek Mine (Equity Share)

Whitehaven Total – 000t	HY 2012	HY 2011	Movement
<b>ROM Coal Production</b>	<b>672</b>	655	<b>+2%</b>
<b>Saleable Coal Production</b>	<b>777</b>	675	<b>+15%</b>
<b>Sales of Produced Coal</b>	<b>830</b>	678	<b>+22%</b>
<b>Sales of Purchased Coal</b>	-	-	-
<b>Total Coal Sales</b>	<b>830</b>	678	<b>+22%</b>
<b>Coal Stocks at Period End</b>	<b>95</b>	116	<b>-19%</b>

### Narrabri (Equity Share)

Whitehaven Total – 000t	HY 2012	HY 2011	Movement
<b>ROM Coal Production</b>	<b>143</b>	58	<b>+147%</b>
<b>Saleable Coal Production</b>	<b>127</b>	57	<b>+125%</b>
<b>Sales of Produced Coal</b>	<b>98</b>	41	<b>+142%</b>
<b>Sales of Purchased Coal</b>	-	-	-
<b>Total Coal Sales</b>	<b>98</b>	41	<b>+142%</b>
<b>Coal Stocks at Period End</b>	<b>64</b>	23	<b>+178%</b>

### OPEN-CUT OPERATIONS

Whitehaven's open cut mines (Tarrawonga, Werris Creek, Rocglen and Sunnyside) experienced minor impact from wet weather in the latter part of the half year and also in late January and early February 2012. In addition, planned mining was interrupted during the half year and the production of coal reduced due to the reduction in explosives deliveries as a result of the Orica plant shutdown in Newcastle.

Following a significant upgrade to coal resources and reserves and the extension of the Tarrawonga Joint Venture, an application has been lodged for modification to the existing Project Approval for Tarrawonga. This would allow production to increase from 2 Mtpa to 3 Mtpa and would cover mining of the full JORC reserve over more than 15 years.

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A revised Project Approval has now been received from the NSW Minister for Planning for extension of the Werris Creek mine life, to cover the full JORC reserve at up to 2.5 Mtpa over 20 years.

Approval has also been received from the Minister for Planning to modify the Rocglen Project Approval to take account of modified geological information.

### **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%*

Development of the Narrabri mine is proceeding with construction of Stage 2 facilities and delivery of longwall and other equipment on schedule and budget. The Narrabri CHPP plant is complete and being commissioned. The construction of the upgraded ventilation fans and new shaft are complete and being performance tested.

Pre-drainage of CO<sub>2</sub> from the coal seam is working well with an inventory of drained coal now in place and confidence in gas extraction methods and gas modelling continuing to grow with experience.

Development of the main gate and tail gate roads for the first longwall panel is on the critical path for commencement of longwall mining. Mining conditions underground are excellent and development rates have improved as skills and experience has grown and as development has moved away from pit-bottom setup into normal main road and longwall gate road development.

However, weekly development advance continues to be hampered by the lack of availability of skilled underground miners. This is preventing full utilisation of the four continuous miner units which are available and has resulted in a shortfall of approximately 509 metres against first half year plan to December 2011.

An additional contractor, SBD-Delta, is currently operating with experienced people to supplement development at Narrabri while Narrabri employees are trained for longwall operation. This will provide additional experienced people for development. However, as previously reported, if performance continues at the current rate, longwall commissioning is expected in mid to late April.

Construction of the longwall is complete and workforce training is well underway. Disassembly of the longwall and transport underground is expected to commence in early March.

Sales of more than 400 Kt of Narrabri coal have now been made with coal stockpiling and handling systems working well and coal quality meeting expectations.

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

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### DEVELOPMENT PROJECTS

#### Vickery

##### *Whitehaven 100%*

Work continued at Vickery during the half year with further drilling in the area to assist in confirming the geological model in conjunction with previous drilled bore hole information. The initial mine planning has generated a pit design which produces 164 Mt of ROM coal at a stripping ratio of 10:1. Of this, 129 Mt is to JORC standard, with drilling underway to upgrade the remainder.

Work is progressing to define an open-cut mine plan for Vickery to produce around 4.5 Mtpa ROM for more than 25 years with a stripping ratio of approximately 10:1.

With Tarrawonga coal to be processed and railed from the new Idemitsu Boggabri plant in future, Whitehaven's Gunnedah CHPP and rail loading facilities will become available for Vickery. The development plan for Vickery is therefore to truck ROM coal to Gunnedah CHPP for processing and loading, as occurs at present. This results in an efficient use of existing infrastructure and a relatively low capital cost of development for Vickery. Ongoing analysis of Vickery coal quality indicates that, if all ROM coal is washed, saleable coal yield would be more than 80% of predominantly low ash, low sulphur, and low phosphorus semi-soft coking coal. This saleable coal yield can be increased significantly by by-passing a proportion of low-ash ROM coal, as is done with Whitehaven's Tarrawonga coal. This will provide the Vickery project with a high degree of flexibility in producing metallurgical or premium thermal coal, depending on market conditions from time to time.

The project's Preliminary Environmental Assessment (PEA) was lodged on 4 November, 2011 including a request for Director General Requirements from the department of Planning and Infrastructure which have been subsequently received. Whitehaven plans to lodge an application for Project Approval for Vickery open cut in the first half of calendar 2012, with the aim of obtaining approval and being in a position to commence mine production in the second half of calendar 2013.

### INFRASTRUCTURE

The new NCIG port continues to ramp up and Whitehaven has been able to utilise most of its share of this new capacity. Construction of the second stage (2AA) of NCIG is well advanced and is on time and budget for commissioning in mid-2012, taking capacity to 53 Mtpa.

The final stage of NCIG (2F) was committed to during the September quarter and construction is now underway for commissioning in mid-2013. This will take the port to its full capacity of 66 Mtpa by late 2013, of which Whitehaven's share will be approximately 6 Mtpa. Whitehaven also has a rolling 10 year port contract with PWCS for 3.6 Mtpa. Following extension of the Tarrawonga JV, Idemitsu will contribute 30% of Tarrawonga port capacity, giving Whitehaven access to a total of approximately 10 Mtpa of Newcastle port capacity (100% basis).

Whitehaven has also secured a total of 8.4 Mt in additional port capacity at Newcastle, spread over the period May 2012 to June 2016. This additional capacity covers the majority of planned growth in Whitehaven's coal exports during the period prior to the planned commissioning of the PWCS T4 facility, scheduled for late 2015. Following commitment of the final stage of the NCIG port, Whitehaven nominated to PWCS for additional capacity entitlements and was notified during the half year that it was successful in its application for an additional 2.4 Mtpa of capacity from T4.

Rail capacity is continuing to increase with the Whitehaven-owned coal train being fully utilised and two additional new Pacific National (PN) trains now operational. Trials are progressing well to increase new train size from 72 wagons to 82 wagons. This would increase train size from 5,400 tonnes to 6,150 tonnes (+14%) with enhanced utilisation of track capacity.

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## CORPORATE

Cash on hand at 31 December was \$104 million.

The Group refinanced its existing syndicated bank facility during the half year with a series of long-term bilateral facilities put in place with a number of Australian and foreign financial institutions. The new bank facilities have a five year tenor and provide Whitehaven with lines of credit up to A\$350 million for working capital and general corporate purposes. The new facilities recognise Whitehaven's strong credit quality and growth prospects and will support Whitehaven's endeavours to further develop and realise the value from its existing world class coal assets.

Whitehaven also secured an expansion of its existing debt facilities by a total of A\$450 million in December 2011. This will deal, in part, with any funding contingencies or cash requirements of the proposed merged group.

Whitehaven had a total of approximately US\$204million in forward US\$/A\$ exchange contracts at the end of December, at an average rate of 0.9465 US\$:A\$. The hedging profile at the end of December was:

Currency Hedging at 31/12/11		FY 2012	FY 2013	Total
Principal	US\$m	204	-	204
Rate	US\$/A\$	0.9465	-	0.9465

## APPOINTMENT OF NEW GENERAL MANAGER – OPEN CUT OPERATIONS

In January, Whitehaven announced the appointment of Mr Peter Wilkinson as General Manager - Open Cut Operations.

The appointment follows an extensive recruitment process which commenced in 2011 after the current General Manager – Open Cut Operations, Mr Casper Dieben, announced his intention to retire in 2012.

Mr Wilkinson's previous role was as Executive General Manager NSW at Idemitsu Australia Resources, with responsibility for the Boggabri Coal operations in the Gunnedah Basin and Muswellbrook Coal in the Hunter Valley. He will join Whitehaven on 12 March 2012.

Mr Dieben will remain with Whitehaven to complete a number of projects before he retires in July.

## MERGER WITH ASTON RESOURCES AND ACQUISITION OF BOARDWALK RESOURCES

On 12 December 2011 Whitehaven and Aston Resources Limited ('Aston') announced a merger of equals to create a leading independent Australian coal company. Under the merger proposal, Aston shareholders will receive 1.89 Whitehaven shares for each Aston share they hold, following distribution of a fully franked special dividend of \$0.50 per share to existing Whitehaven shareholders. The merger is to be implemented by way of an Aston Scheme of Arrangement.

The merger with Aston is subject to a number of conditions, including Aston shareholder and court approvals. The proposed merger has the unanimous support of both the Aston and Whitehaven Boards. Aston's largest shareholder, a Tinkler Group affiliate, holding approximately 32% of Aston shares, has indicated its intention to vote in favour of the transaction in the absence of a superior proposal. It is expected the merger will be implemented in April 2012.

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Whitehaven has entered into separate agreements to acquire all of the shares and other issued securities in unlisted coal explorer Boardwalk Resources ('Boardwalk'). Boardwalk investors will be issued 85.88 million Whitehaven shares as consideration for the acquisition and an additional 34.02 million Whitehaven shares which will vest if certain milestones in the development of the assets are met. The Boardwalk acquisition is conditional upon the Aston/Whitehaven merger completing and other customary conditions. As part of the transaction, Boardwalk shareholders will contribute \$150 million in cash to Boardwalk which will be used for the ongoing development of its assets. Boardwalk also has existing debt of approximately US\$50 million. It is expected that the Boardwalk Transaction will complete in April 2012.

Further detail on the proposed Aston merger and Boardwalk acquisition can be found in the 12 December 2011 announcement and presentation which are posted on Whitehaven's website: ([www.whitehavencoal.com.au](http://www.whitehavencoal.com.au))

### OUTLOOK

- Substantial growth from Narrabri underground is imminent with the longwall operations expected to kick off in late April 2012. This will improve our operational diversity and provide a substantial increase in coal production.
- The development of the Vickery project is ongoing, with work continuing to define an open cut mine plan of around 4.5 Mtpa ROM for more than 25 years with a stripping ratio of approximately 10:1. Whitehaven plans to lodge an application for Project Approval for Vickery open cut in the first half of calendar 2012, with production potentially commencing in the second half of calendar 2013.
- The open cut mines will continue to develop to operate at full capacity of 5.5Mt p.a.
- The proposed merger with Aston, and the acquisition of Boardwalk, are exciting opportunities for Whitehaven, creating a large scale diversified coal producer, with significant growth potential. Further information regarding these transactions will be provided to shareholders early in March.

- 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 2011 and, where applicable, comparative results for the previous year.

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

	<b>Half Year 31 Dec 2011 \$'000</b>	<b>Half Year 31 Dec 2010 \$'000</b>	<b>Change</b>
Revenue from ordinary activities	340,380	318,277	+6.9%
Net Profit/(Loss) After Tax before significant items	22,023	32,863	-32.9%
Net Profit/(Loss) After Tax from ordinary activities	19,881	(35,115)	+156.7%
Net Profit/(Loss) After Tax attributable to members	19,881	(35,115)	+156.7%

3. Dividends

Fully franked dividends of \$20,273,000 were paid in relation to the year ended 30 June 2011 during the six month period. The record date for the entitlement was 16 September 2011. The franked amount per ordinary share was 4.1 cents (for 494,468,415 ordinary shares).

Directors resolved not to pay an interim dividend for the half year pending the outcome of the proposed merger with Aston Resources where a conditional special fully franked dividend of \$0.50 is proposed to be payable to Whitehaven shareholders immediately prior to the merger completion.

4. Net Tangible Assets (NTA) per security:

	<b>Half Year 31 Dec 2011</b>	<b>Half Year 31 Dec 2010</b>
NTA per security	195.25c/share	200.31c/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 2011

Interim Financial Report

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## Whitehaven Coal Limited and its controlled entities

### Directors' report

#### Interim financial report 31 December 2011

The directors present their report together with the consolidated financial report of Whitehaven Coal Limited ('the Company') for the six months ended 31 December 2011 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.

##### Results of operations

The Group's net profit for the six months ended 31 December 2011 amounted to \$19,881,000 (2010: \$35,115,000 loss).

##### Highlights from the six months include the following:

- Operating revenue of \$340,380,000 (2010: \$318,277,000) on sales of 2,997,000 tonnes (2010: 3,133,000) of coal on an equity basis including purchased coal;
- Operating EBITDA before significant items of \$57,958,000 (2010: \$68,225,000)
- Completed refinance of syndicated bank facility with a series of long-term bilateral facilities put in place with a number of Australian and international financial institutions. The new bank facilities have a five year tenor and provide additional lines of credit of up to \$350 million for working capital and general corporate purposes;
- Agreeing expansion of Tarrawonga joint venture with Boggabri Coal. The agreement extends the existing Tarrawonga joint venture and provides for the sharing of new CHPP and rail infrastructure;
- Receipt of NSW Government approvals for the extension of the Rocglen and Werris Creek open-cut mines, allowing maximum resource extraction. In the case of Werris Creek, the new approval allows production of up to 2.5 Mtpa for 20 years;
- Secured additional port capacity of 8.4 Mt over the period May 2012 to June 2016, covering the majority of planned growth in coal exports during the period prior to commissioning of new PWCS T4 facility;
- Proceeds received from previous sales of Narrabri North project of \$44.1 million (2010: \$178.0 million); and
- Announcement of merger with Aston Resources and acquisition of Boardwalk Resources.

**Whitehaven Coal Limited and its controlled entities**  
**Directors' report**  
**Interim financial report 31 December 2011**

The operating results are summarised below:

<b>Whitehaven Coal Limited – Consolidated</b>	YTD Dec 11 \$000	YTD Dec 10 \$000	Movement %
Revenue	340,380	318,277	+6.9%
Net profit/(loss) for the period attributable to members	19,881	(35,115)	+156.7%
<i>Add back: Significant items after tax (refer to note 5)</i>	2,142	67,978	-96.9%
Net profit/(loss) before significant items	22,023	32,863	-33.0%
Profit/(loss) before net financing expense	34,218	(33,205)	+203.1%
<i>Add back: Depreciation and amortisation</i>	18,525	18,657	-0.7%
Operating EBITDA	52,743	(14,548)	+462.6%
<i>Add back: Significant items before net financing expense (refer to note 5)</i>	5,215	82,773	-93.7%
Operating EBITDA before significant items	57,958	68,225	-15.0%

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 2,155,000 tonnes compared to 1,895,000 tonnes in the six months ended 31 December 2010.

The Group's net profit for the six months ended 31 December 2011 was impacted by:

- The Orica explosives shortage in November and some wet weather in December on the open cut operations. Despite these impacts, the operations performed satisfactorily in terms of safety, environmental management, production and cost control.
- Net losses on coal purchases and contract settlements of legacy contracts amounting to \$28.7 million. The net loss consists of coal purchased to fulfil legacy contracts of \$7.7 million, losses on legacy contract financial settlements of \$24.3 million, and the utilisation of the \$3.3 million provision raised at June 2011.

**Whitehaven Coal Limited and its controlled entities**  
**Directors' report**  
**Interim financial report 31 December 2011**

**Investments for future performance**

The Group has interests in four operating mines (Tarrowonga, 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 (Tarrowonga: 70%, Werris Creek: 100%, Rocglen: 100% and Sunnyside: 100%); and
- (b) Narrabri (70%).

Rail capacity is continuing to increase, with the Whitehaven coal train now being fully utilized and the two additional Pacific National (PN) trains now operational. Trials are progressing well to increase new train size from 72 wagons to 82 wagons. This would increase train size from 5,400 tonnes to 6,150 tonnes (+14%) with enhanced utilisation of track capacity. This rail haulage capacity matches Whitehaven's expected port and rail track capacity.

The new NCIG port continues to ramp up and Whitehaven has been able to utilise most of its share of this new capacity. Construction of the second stage (2AA) of NCIG is well advanced and is on time and budget for commissioning in mid-2012, taking capacity to 53 Mtpa. The final stage of NCIG (2F) was committed during the September quarter and construction is now underway for commissioning in mid-2013.

**Liquidity and funding**

The consolidated balance sheet at 31 December 2011 shows the Group is well positioned for growth.

<i>In thousands of AUD</i>	Dec 2011 \$'000	Dec 2010 \$'000
Cash and cash equivalents	103,523	192,080
Interest bearing liabilities	247,366	142,272
Net (debt) / cash	(143,843)	49,808
Equity	1,017,152	1,032,384
Gearing ratio <sup>1</sup>	16.5%	(4.6%)

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

**Whitehaven Coal Limited and its controlled entities**  
**Directors' report**  
**Interim financial report 31 December 2011**

**Strategy and future performance**

*Coal prices and marketing*

The current medium term outlook for thermal coal demand and price outcomes remains relatively flat, whereas metallurgical demand for all products has softened considerably in the past three months, and is likely to be similar in the forthcoming Japanese Financial Year. It is expected that this will be reflected in lower overall US\$ prices for the Group's products in the Japanese Financial Year commencing 1 April 2012 ("JFY12").

*Outlook*

- The Narrabri mine will continue its underground development during the remainder of the current financial year with longwall installation scheduled for April 2012. Accordingly coal production is expected to increase significantly from continuous miner development tonnes.
- Port capacity will be available to meet growth in production and sales volumes.
- Deliveries into legacy contracts will be complete in the March quarter of 2012.

**Dividends**

Directors resolved not to pay an interim dividend for the half year pending the outcome of the proposed merger with Aston Resources where a conditional special fully franked dividend of \$0.50 is proposed to be payable to Whitehaven shareholders immediately prior to the merger completion.

Dividends paid during the current period are as follows:

	<b>Half Year ended 31 December 2011 \$'000</b>	<b>Half Year ended 31 December 2010 \$'000</b>
Final ordinary (fully franked)	20,273	13,822

## Whitehaven Coal Limited and its controlled entities

### Directors' report

#### Interim financial report 31 December 2011

#### 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.

#### 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 2011.

#### 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:



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John Conde  
Chairman  
16 February 2012

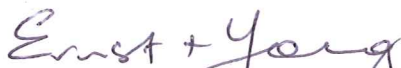


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Tony Haggarty  
Director  
16 February 2012

## 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 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

  
Ernst & Young



Trent van Veen  
Partner  
Sydney  
16 February 2012

**Whitehaven Coal Limited and its controlled entities**  
**Consolidated interim statement of comprehensive income**  
**For the six months ended 31 December 2011**

<i>In thousands of AUD</i>	<b>Note</b>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 31 Dec 2010</b>
Revenue		340,380	318,277
Operating expenses			
Before significant items		(214,689)	(215,240)
Significant items	5	-	(45,328)
		(214,689)	(260,568)
Depreciation and amortisation		(18,525)	(18,657)
Cost of sales		(233,214)	(279,225)
<b>Gross profit</b>		107,166	39,052
Other income		5,914	7,392
Selling and distribution expenses		(36,861)	(29,713)
Other expenses			
Before significant items		(25,971)	(1,762)
Significant items	5	(437)	(33,819)
	6	(26,408)	(35,581)
Administrative expenses			
Before significant items		(10,815)	(10,729)
Significant items	5	(4,778)	(3,626)
		(15,593)	(14,355)
<b>Profit/(loss) before net financing income / (expense)</b>		34,218	(33,205)
Financial income			
Before significant items		5,982	2,061
Significant items	5	23,867	6,052
		29,849	8,113
Financial expenses			
Before significant items		(12,305)	(3,878)
Significant items	5	(21,525)	(19,771)
		(33,830)	(23,649)
<b>Net financing expense</b>		(3,981)	(15,536)
<b>Profit / (loss) before tax</b>		30,237	(48,741)
Income tax expense			
Before significant items		(11,087)	(14,888)
Significant items	5	731	28,514
		(10,356)	13,626
<b>Net profit / (loss) for the period attributable to equity holders of the Company</b>		19,881	(35,115)

**Whitehaven Coal Limited and its controlled entities**  
**Consolidated interim statement of comprehensive income (continued)**  
**For the six months ended 31 December 2011**

<i>In thousands of AUD</i>	<b>Note</b>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 31 Dec 2010</b>
<b>Net profit / (loss) for the period</b>		19,881	(35,115)
<b>Other comprehensive income</b>			
Effective portion of changes in fair value of cash flow hedges		(412)	108,131
Fair value of cash flow hedges transferred to profit and loss		(35,759)	(29,721)
Income tax on items of other comprehensive income		10,851	(23,523)
<b>Other comprehensive income for the period, net of tax</b>		<b>(25,320)</b>	<b>54,887</b>
<b>Total comprehensive income for the period</b>		<b>(5,439)</b>	<b>19,772</b>
<b>Earnings per share:</b>			
Basic earnings / (loss) per share (cents per share)		4.0	(7.1)
Diluted earnings / (loss) per share (cents per share)		4.0	(7.1)

The condensed notes on pages 12 to 19 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 2011**

<i>In thousands of AUD</i>	<i>Note</i>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 30 Jun 2011</b>
<b>Assets</b>			
Cash and cash equivalents	7	103,523	207,602
Trade and other receivables		61,790	92,365
Inventories		33,280	25,886
Investments		17,534	14,866
Current tax receivable		21,910	9,957
Deferred stripping		78,208	55,619
Derivative financial instruments		15,183	55,998
<b>Total current assets</b>		<b>331,428</b>	<b>462,293</b>
<b>Non-current assets</b>			
Trade and other receivables		6,361	2,702
Investments		1,210	1,210
Property, plant and equipment		1,023,870	936,987
Exploration and evaluation		12,457	9,422
Intangibles	8	51,423	49,781
<b>Total non-current assets</b>		<b>1,095,321</b>	<b>1,000,102</b>
<b>Total assets</b>		<b>1,426,749</b>	<b>1,462,395</b>
<b>Liabilities</b>			
Trade and other payables		73,461	154,264
Interest-bearing loans and borrowings		49,572	49,436
Employee benefits		10,018	8,789
Deferred income		607	355
Provisions	9	1,395	4,932
Derivative financial instruments		3,102	7,208
<b>Total current liabilities</b>		<b>138,155</b>	<b>224,984</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings		197,794	129,157
Deferred tax liabilities		38,122	38,621
Provisions	9	35,526	29,097
<b>Total non-current liabilities</b>		<b>271,442</b>	<b>196,875</b>
<b>Total liabilities</b>		<b>409,597</b>	<b>421,859</b>
<b>Net assets</b>		<b>1,017,152</b>	<b>1,040,536</b>
<b>Equity</b>			
Share capital	10	591,596	591,339
Share based payments reserve		26,429	24,358
Hedge reserve		8,456	33,776
Retained earnings		390,671	391,063
<b>Total equity</b>		<b>1,017,152</b>	<b>1,040,536</b>

The condensed notes on pages 12 to 19 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 2011**

<i>In thousands of AUD</i>	Note	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
Profit 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

<i>In thousands of AUD</i>		Issued capital	Share Based Payment Reserve	Retained earnings	Hedge reserve	Total
Opening balance at 1 July 2011		591,339	24,358	391,063	33,776	1,040,536
Profit for the period		-	-	19,881	-	19,881
Other comprehensive income		-	-	-	(25,320)	(25,320)
Total comprehensive income for the half year		-	-	19,881	(25,320)	(5,439)
Transactions with owners in their capacity as owners						
Dividends paid	12	-	-	(20,273)	-	(20,273)
Share based payments	6	-	2,071	-	-	2,071
Share options exercised		267	-	-	-	267
Costs of shares issued, net of tax		(10)	-	-	-	(10)
Closing balance at 31 December 2011		591,596	26,429	390,671	8,456	1,017,152

The condensed notes on pages 12 to 19 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 2011**

<i>In thousands of AUD</i>	<b>Note</b>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 31 Dec 2010</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers		332,881	336,630
Cash paid to suppliers and employees		(365,137)	(319,884)
<b>Cash (used in)/ generated from operations</b>		<b>(32,256)</b>	<b>16,746</b>
Interest paid		(12,260)	(6,039)
Interest received		2,663	3,165
Income taxes paid		(11,954)	(31,358)
<b>Net cash used in operating activities</b>		<b>(53,807)</b>	<b>(17,486)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sell down of Narrabri project		44,130	178,045
Proceeds from sale of property, plant and equipment		78	893
Acquisition of property, plant and equipment		(136,371)	(123,300)
Acquisition of intangible assets		(152)	-
Exploration and evaluation expenditure		(3,035)	(1,390)
Acquisition of investments		(17,534)	(37,365)
Proceeds from sale of investments		15,186	22,499
Proceeds from repayment of loans advanced		3,328	8,395
Loans advanced		(1,364)	-
<b>Net cash (used in)/ from investing activities</b>		<b>(95,734)</b>	<b>47,777</b>
<b>Cash flows from financing activities</b>			
Proceeds from the exercise of share options	10	267	50
Transaction costs paid on issue of share capital		(14)	-
Proceeds from borrowings		76,947	44,347
Repayment of borrowings		(873)	(1,349)
Repayment of finance lease liabilities		(10,592)	(8,486)
Dividends paid	12	(20,273)	(13,822)
<b>Net cash from financing activities</b>		<b>45,462</b>	<b>20,740</b>
Net (decrease)/increase in cash and cash equivalents		(104,079)	51,031
Cash and cash equivalents at 1 July		207,602	141,049
<b>Cash and cash equivalents at 31 December</b>		<b>103,523</b>	<b>192,080</b>

The condensed notes on pages 12 to 19 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 2011

#### 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 2011 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 2011 is available from the Company's website [www.whitehavencoal.com.au](http://www.whitehavencoal.com.au) or upon request from the Company's registered office at Level 28, 259 George 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 2011 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 16 February 2012.

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 2011.

##### ***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 2011:

- AASB 124 Related Party Disclosures (Revised)
- AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]
- AASB 2009-14 Amendments to Australian Accounting Standards – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]
- AASB 1054 Australian Additional Disclosures
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]
- AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]
- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]

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

**Whitehaven Coal Limited and its controlled entities**  
**Condensed notes to the consolidated interim financial statements**  
**31 December 2011**

**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 2011 and 31 December 2010. 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.

<i>In thousands of AUD</i>	<b>Open Cut Operations</b>	<b>Underground Operations</b>	<b>Total</b>
<b>Half-year ended 31 December 2011</b>			
<b>Revenue</b>			
Sales to external customers	341,007	10,421 <sup>1</sup>	351,428
Total segment revenue	341,007	10,421	351,428
Capitalisation of Narrabri development revenue			(10,421)
Difference in treatment of foreign exchange on hedges			(627)
Total revenue per statement of comprehensive income			340,380
<b>Result</b>			
Segment result	59,266	-	59,266
Depreciation and amortisation			(18,525)
Income tax expense (excluding significant items)			(11,087)
Significant items after income tax			(2,142)
Net financial expense			(7,631)
Net profit/(loss) after tax per statement of comprehensive income			19,881

<sup>1</sup> Sales to external customers for underground operations relate to sales of Narrabri development coal.

**Whitehaven Coal Limited and its controlled entities**  
**Condensed notes to the consolidated interim financial statements**  
**31 December 2011**

**4 Segment Reporting (continued)**

<i>In thousands of AUD</i>	<b>Open Cut Operations</b>	<b>Underground Operations</b>	<b>Total</b>
<b>Half-year ended 31 December 2010</b>			
<b>Revenue</b>			
Sales to external customers	338,115	-	338,115
Total segment revenue	<u>338,115</u>	<u>-</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>
	<b>Open Cut Operations</b>	<b>Underground Operations</b>	<b>Total</b>
<b>Result</b>			
Segment result	<u>68,685</u>	<u>-</u>	<u>68,685</u>
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/(loss) 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 2011**

**5 Significant items**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 31 Dec 2010</b>
Net profit/(loss) for the period	19,881	(35,115)
<i>Add back significant items:</i>		
Loss on coal trading for legacy contracts <sup>1</sup>	-	77,701
Due diligence costs and project costs <sup>2</sup>	3,264	3,626
Claim settlement <sup>3</sup>	1,514	-
Share-based payment expense <sup>4</sup>	437	1,446
Financial income on EDF receivable <sup>5</sup>	(23,867)	(6,052)
Financial expenses on retranslation of EDF receivable <sup>5</sup>	21,525	19,771
Significant items before tax	2,873	96,492
Applicable income tax expense	(731)	(28,514)
Significant items after tax	2,142	67,978
Net profit/(loss) before significant items	22,023	32,863
<i>Reconciliation of significant items to face of Statement of comprehensive income:</i>		
<b>Operating expenses:</b>		
Loss on coal trading for legacy contracts <sup>1</sup> – purchased coal	-	(45,328)
<b>Other expenses:</b>		
Loss on coal trading for legacy contracts <sup>1</sup> – contract settlements	-	(32,373)
Share-based payment expense <sup>4</sup>	(437)	(1,446)
<b>Administrative expenses:</b>		
Due diligence costs and project costs <sup>2</sup>	(3,264)	(3,626)
Claim settlement <sup>3</sup>	(1,514)	-
<b>Financial income:</b>		
Unwinding of discount on EDF receivable <sup>5</sup>	-	6,052
Net unrealised foreign exchange gain on translation of EDF receivable	23,867	-
<b>Financial expenses:</b>		
Net realised foreign exchange losses on EDF receipts <sup>5</sup>	(21,525)	(19,771)
<b>Significant items before tax</b>	<b>(2,873)</b>	<b>(96,492)</b>

The above items are significant to the understanding of the overall results.

<sup>1</sup> During the prior 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 were made.

<sup>2</sup> In the current half-year period the group incurred transaction costs related to the proposed merger with Aston Resources and acquisition of Boardwalk Resources. During the prior half-year period the group undertook due diligence and incurred project costs in relation to unsuccessful corporate and asset transactions.

<sup>3</sup> The consolidated entity received a claim in June 2008 in relation to the performance of its obligations under a coal sales contract. The claim was settled on 1 July 2011 for an amount of US\$1,625,000.

<sup>4</sup> This expense relates to executive shares and executive options issued in 2009 which were classified as significant. The expense has been recognised over the vesting period of the options, which ended during the current half-year period.

<sup>5</sup> A receivable arising on a previous sell down of the Narrabri North Project was denominated in US\$ and discounted on initial recognition. At the reporting date, the discount had been fully unwound and a net foreign exchange gain realised on receipt of the outstanding amounts in the current half-year period.

**Whitehaven Coal Limited and its controlled entities**  
**Condensed notes to the consolidated interim financial statements**  
**31 December 2011**

**6 Other expenses**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 31 Dec 2010</b>
Share based compensation payments	2,071	3,208
Contract settlement & commitments <sup>1</sup>	24,337	32,373
	<b>26,408</b>	<b>35,581</b>

<sup>1</sup>This expense relates to the cost of financial 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.

In the prior half-year period these costs, together with additional provisions, were included in significant items due to a significant loss of production, availability of alternative coal and increased coal spot prices as a result of abnormal wet weather.

In the current half-year period these costs have not been included in significant items and are recognised in 'Other Expenses before significant items' in the statement of comprehensive income.

**7 Cash and cash equivalents**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 30 June 2011</b>
	<b>103,523</b>	<b>207,602</b>

**8 Intangibles**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 30 June 2011</b>
Water access rights	5,056	4,063
Acquired haulage rights	675	752
Marketing commission rights	4,524	5,370
Rail access rights <sup>1</sup>	41,168	39,596
	<b>51,423</b>	<b>49,781</b>

<sup>1</sup>The 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 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.

**Whitehaven Coal Limited and its controlled entities**  
**Condensed notes to the consolidated interim financial statements**  
**31 December 2011**

**9 Provisions**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 30 June 2011</b>
Mine rehabilitation and closure	36,921	30,746
Onerous contracts <sup>1</sup>	-	3,283
	<b>36,921</b>	<b>34,029</b>
Current	1,395	4,932
Non-current	35,526	29,097
	<b>36,921</b>	<b>34,029</b>

<sup>1</sup>This represents a provision for losses 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 provision was fully utilised in the current half-year period.

**10 Share capital**

<i>In thousands of AUD (except for shares)</i>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 30 Jun 2011</b>
<b>a) Share capital</b>		
Authorised, issued and fully paid up ordinary shares 494,615,082 (30 June 2011: 493,816,735)	<b>591,596</b>	<b>591,339</b>

**b) Movements in shares on issue**

Ordinary shares

	<b>Consolidated 31 Dec 2011</b>	
	<b>No. of shares 000's</b>	<b>\$000's</b>
Beginning of the period	493,817	591,339
Exercise of share options	147	267
Exercise of Share Acquisition Rights	651	-
Costs of shares issued, net of tax	-	(10)
	<b>494,615</b>	<b>591,596</b>

**11 Share-based payments**

During the half year a total of 720,000 (2010: 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 2012 to 1 July 2015 and are subject to market based performance hurdles.

**Whitehaven Coal Limited and its controlled entities**  
**Condensed notes to the consolidated interim financial statements**  
**31 December 2011**

**12 Dividends**

Dividends of \$20,273,000 were paid during the six months ended 31 December 2011 (2010: \$13,822,000).

Directors resolved not to pay an interim dividend for the half year pending the outcome of the proposed merger with Aston Resources where a conditional special fully franked dividend of \$0.50 is proposed to be payable to Whitehaven shareholders immediately prior to the merger completion.

**13 Interests in Joint Ventures**

	<b>% Ownership Interest</b>	
	<b>31 Dec 2011</b>	<b>30 June 2011</b>
<i>Joint Ventures:</i>		
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
<i>Jointly controlled entities:</i>		
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

**14 Contingencies**

<i>In thousands of AUD</i>	<b>Consolidated 31 Dec 2011</b>	<b>Consolidated 30 June 2011</b>
Bank guarantee to Australian Rail Track Corporation (formerly to Rail Infrastructure Corporation)	34,172	38,622
Performance guarantees provided to government departments in respect of restoration of certain mining leases	28,559	26,079
Bank guarantee to the Roads and Traffic Authority of NSW	-	400
Bank guarantee to the Newcastle Coal Infrastructure Group	26,301	16,920
Bank guarantee to Port Waratah Coal Services Limited	12,154	6,754
Other bank guarantees	3,337	82
	<b>104,523</b>	<b>88,857</b>

**Tax audit**

The ATO, as part of its ordinary processes in reviewing large business taxpayers, takes into account their size and complexity. The group can be expected to be subject to a high level review by the ATO in respect of ongoing taxation compliance. The ATO is currently auditing the increase in tax cost base of certain assets recorded by Whitehaven on its listing on the ASX due to tax consolidation. The audit is currently in the information gathering stage. Whitehaven directors do not believe there will be any adverse material result.

**Whitehaven Coal Limited and its controlled entities**  
**Condensed notes to the consolidated interim financial statements**  
**31 December 2011**

**15 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.

## 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 19, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Company's financial position as at 31 December 2011 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 Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



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John Conde  
Chairman  
16 February 2012



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Tony Haggarty  
Director  
16 February 2012

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 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

## **Directors' Responsibility for the half-year Financial Report**

The directors of the company are responsible for the preparation 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 a 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 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 2011 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 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:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) 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 handwritten signature in cursive script, appearing to read 'Trent van Veen'.

Trent van Veen  
Partner  
Sydney  
16 February 2012