ASX 10 YEAR ANNIVERSARY 2007 to 2017

A DECADE OF GROWTH

Whitehaven Coal
Annual Report 2017

WHITEHAVEN COAL

ASX 10 YEAR ANNIVERSARY 2007 to 2017

From starting as a small operator in NSW's Gunnedah Basin in 1999, Whitehaven Coal has grown to become a leading producer of some of the world's highest quality coal.

This year marks the tenth anniversary of Whitehaven Coal listing on the Australian Securities Exchange (ASX) under the code WHC.

Whitehaven Coal produces more than 20 million tonnes of saleable (100% basis) thermal and metallurgical coal per annum from our suite of mines. In the past decade, the company has established itself as a major player in the Pacific Seaborne coal market.

Alongside our international links, our roots remain firmly in the North West NSW region. We are the largest employer in the area, with a total workforce of nearly 1,500 people. The company has contributed more than $1 bn into the local economy in the past five years.

Our coal travels from the Gunnedah Basin by rail to the Port of Newcastle before being shipped to customers mainly in Japan, Korea, Taiwan and India.

Whitehaven Coal strives for operational excellence and in 2016 the Maules Creek mine was awarded the NSW Minerals Council Mining Operation of the Year.

As we look forward to another ten years of success, the proposed Vickery Extension Project is the next chapter in Whitehaven Coal's story and will consolidate our longstanding commitment to the region.

Listed on the Australian Securities Exchange with the code WHC, Whitehaven had 1,026,046 shares on issue as at 30 June 2017.

More information on Corporate Governance is elsewhere in this report and available at **www.whitehavencoal.com.au**

Whitehaven Coal's Annual General Meeting (AGM) will be held on 25 October 2017.

An investor calendar is available on Whitehaven Coal's website at www.whitehavencoal.com.au

CONTENTS

Year Highlights

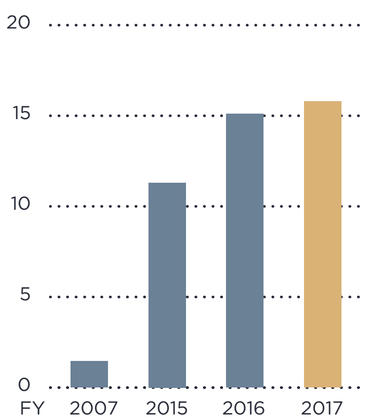
Whitehaven Coal delivered another strong performance in FY2017 as we continued to strengthen and grow the business. Net profit after tax for the year was $405.4m, up from $20.5m

In FY2017 full year ROM production grew 13% to 23.1Mt, total saleable production grew by 6% to 20.7Mt, sales revenue by 52% to $1,773.2m. FOB cash costs were $58 per tonne, while EBITDA of $714.2m was up 219%.

Equity Basis

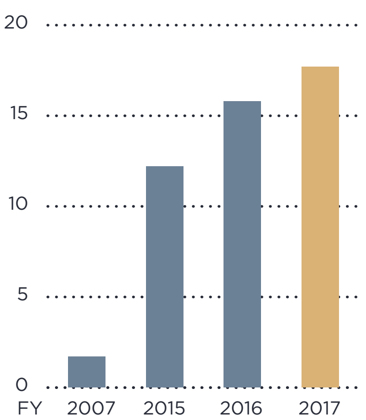
SALEABLE COAL PRODUCTION (Mt)

15.8Mt



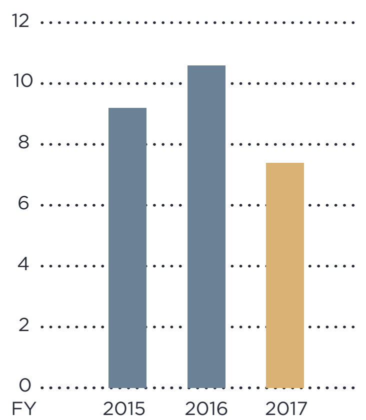
ROM COAL PRODUCTION (Mt)

17.7Mt



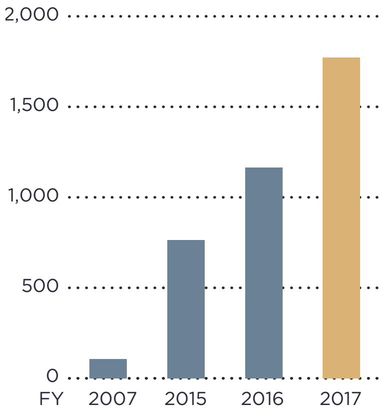
TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)

7.4 PER MILLION HOURS



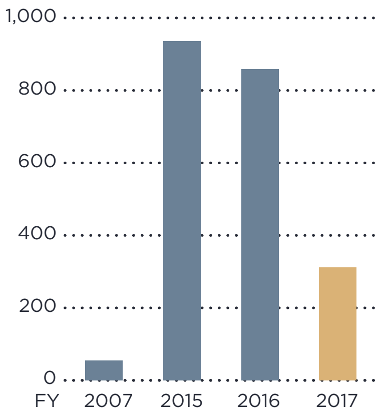
REVENUE ($m's)

$1,773M



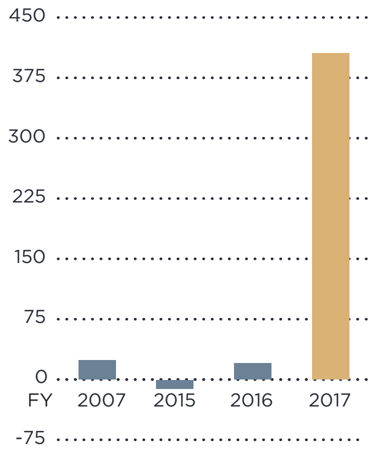
NET DEBT ($m's)

$311M



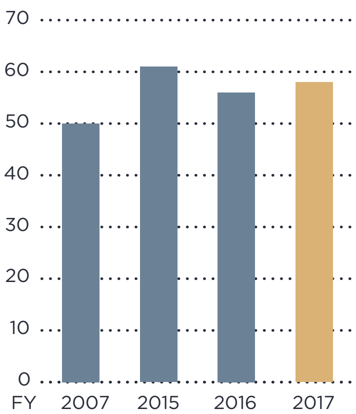
NET PROFIT AFTER TAX (NPAT) ($m's)

$405.4M



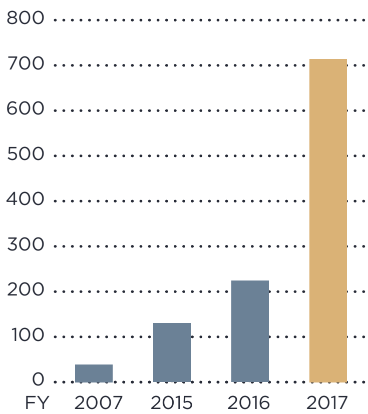
COSTS FOB ($/t) (EXCLUDING ROYALTIES)

$58/t



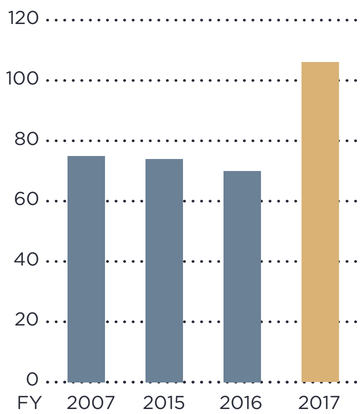
OPERATING EBITDA ($m's) (BEFORE SIGNIFICANT ITEMS)

$714.2M



PRICE ACHIEVEMENTS ($/t) (EXCLUDING ROYALTIES)

$104



Section 1:

OVERVIEW

Year in Review

Operations

The company improved its Total Recordable Injury Frequency Rate to 7.4. Whitehaven's TRIFR is well below the NSW coal mining average of 14.7.

Achieved record saleable production across Group of 20.7Mtpa.

Mining activity at Maules Creek entered its next stage with the mine operating at an annualised rate of 10.5Mt in the second half.

Increased contracted volumes of higher margin semi soft coking coal from the Maules Creek mine.

The year saw the successful installation and operation of an expanded 400 metre face at the Narrabri underground mine. The larger face allows a greater volume of coal to be produced and reduces roadway development.

Organisation

The Group's workforce was nearly 1,500 people at the end of June 2017. Employee and contractor numbers have grown from the beginning of H1 FY2017 as Maules Creek has continued to expand.

Around 75 per cent of our workforce live in the area of our operations.

Whitehaven's Aboriginal employment program at Maules Creek was recognised by the NSW Minerals Council and highlighted in the Prime Minister's Closing The Gap report. The company continues to deliver on ensuring at least 10 per cent of the workforce is made up of Aboriginal or Torres Strait Islander people, reflecting the local population as a whole.

One of Whitehaven's employees, Murray O'Keefe, was named NSW Young Achiever of the Year in the annual NSW Minerals Council industry awards.

Corporate

Net debt at 30 June 2017 was $311.1 million, with gearing of 9%. The decrease in net debt has been driven by capital management strong cashflows and disciplined capital management.

Work has neared completion of the various studies to produce the Environmental Impact Statement (EIS) required for Government approval for an expanded Vickery mine (10Mtpa).

Community

During FY2017 Whitehaven Coal and its Joint Venture partners made significant contributions to the New South Wales (NSW) economy and to local economies in North West NSW.

A total of $171.9 million paid to the NSW Government in mining royalties.

Spending $237 million in the Gunnedah, Narrabri, Tamworth and Liverpool Plains region this year.

Made 90 donations to local community groups.

ASX 10 YEAR ANNIVERSARY 2007 to 2017

10 Year Story

HIGHLIGHTS

1999

Whitehaven Coal Limited is established

2000

Mining commenced at Canyon open cut mine (formerly Whitehaven mine)

2005

Mining commenced at Werris Creek open cut mine

2006

Mining commenced at Tarrawonga open cut mine

2007

Whitehaven Coal IPO and listed on the ASX

2007

Environmental assessments lodged for mines at Narrabri, Belmont/Rocglen and Sunnyside

2008

$130 million capital raising completed

Construction of Narrabri is underway

2009

NCIG under construction

Production commenced at Rocglen

2010

Canyon mine closed, rehab commenced

Purchase of Vickery Project

2010
Capital raise of $203m

Expanded Gunnedah CHPP to 4.0Mtpa

2011
First coal from Narrabri

2012
Merger with Aston Resources

Boardwalk and Coalworks acquired

Longwall installed at Narrabri

2013
Narrabri declared Commercial

Maules Creek aproved by Government

2014
Construction at Maules Creek

2015
First coal at Maules Creek

Financial close on a $1.4 billion Senior Secured Bank Facility

2016
Record ROM production at more than 20Mtpa on a 100% basis

Maules Creek declared commercial

2016
Company won industry awards for Aboriginal employment program at Maules Creek, apprenticeship program (and for Annual Report)

2017
Record year of production, 23 million ROM Coal

ASX 10 YEAR ANNIVERSARY 2007 to 2017

10 Year Story

HIGHLIGHTS

Whitehaven Coal was first formed in 1999 to develop the Canyon open-cut mine near Gunnedah. The success of this mine led to operations commencing at Tarrawonga and Werris Creek before the company listed on the ASX in 2007, raising $26m.

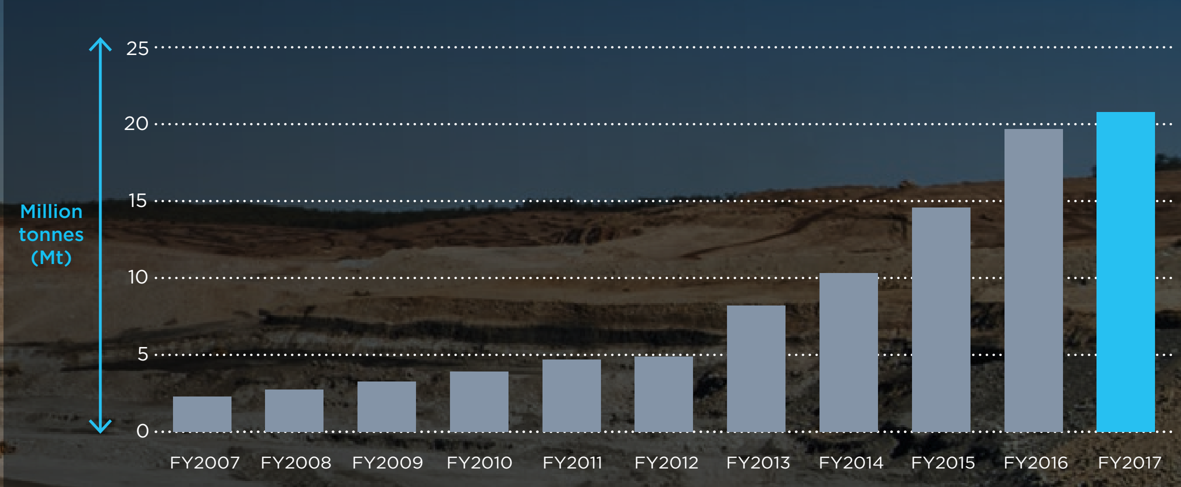
Whitehaven Coal story since 2007 (100% basis)

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
EBITDA (Aud M)*	39.4	34.9	136.3	108.8	148.0	149.2	17.1	90.4	130.3	224.1	**714.2**
NPAT (Aud M)*	24.1	12.9	77.3	55.1	73.3	57.8	-67.2	-28.4	-10.7	20.5	**405.4**
Saleable Coal Production (Mt) (100% Managed Basis)	2.3	2.8	3.3	3.9	4.7	4.9	8.2	10.3	14.6	19.7	**20.7**

* Excluding significant items from FY2008 onwards.

This year marks the 10th anniversary of the listing and in that time Whitehaven Coal has gone from strength to strength. In our first year after listing we produced 2.3m tonnes of coal and now we produce ten times that and have grown to have a market capitalisation of over $3 billion.

Whitehaven's saleable production since the listing in 2007 (100% basis)



Chairman's Statement

It gives me great pleasure to report on Whitehaven Coal's performance during the 2017 financial year. Ten years since the company's listing on the ASX, your company is now firmly entrenched as Australia's leading independent coal company. This year has again been a record-breaking one for the company, one in which we produced, shipped and marketed in excess of 20 million tonnes of premium quality coal.

In recording a profit for the year to 30 June 2017 of $405.4m, we have delivered the highest profit in the company's history. As reported elsewhere in this report, Whitehaven Coal achieved revenue of $1773.2m, kept costs low at $58/t and delivered on our commitment to reduce debt.

The share price between 1 July 2016 and 30 June 2017 rose 168% and this year has seen the Board propose to make a distribution of 20 cents per share, subject to shareholder approval. This payment to shareholders demonstrates the confidence that the Board has in the business. To our long-standing shareholders, and newer entrants to the registry, we thank you for your ongoing support.

In declaring this result, I would like to thank Paul Flynn and his outstanding executive team for again showing great leadership across our business, industry and local community over the past 12 months. I would also pay tribute to Whitehaven Coal's strong and dedicated workforce for helping deliver another outstanding year.

A decade of growth

This year marks the tenth anniversary of the listing of Whitehaven Coal on the ASX. The company itself was founded in 1999 to develop the Canyon mine near Gunnedah.

In the decade since listing in 2007, your company has grown and now produces ten times the amount of coal than it did in the year of listing.

We have a proud history in the Gunnedah Basin where our mines, local investments, workforce and community contributions are centred. As I am fond of saying, the Gunnedah Basin is home to some of the highest quality coal in the world, coal which service export markets in Asia where it helps countries such as Japan and Korea meet their carbon emissions reduction targets.

As an Australian miner with a local focus, we want our projects to be environmentally and economically sustainable, and for the local community to benefit from our presence over the long-term. We are the largest non-government employer in the North West NSW region, with a workforce of more than 1,500 working across eight geographically dispersed sites.

Since 2012 Whitehaven Coal has invested around $1bn in the economy in North West NSW, with wages, payments to councils, support for businesses and sponsorships and donations to community groups. We have a strong track record of creating skilled jobs and bringing new investment and prosperity to the region.

But as we look forward to the next decade, we want to do more. Our Vickery Project means a bigger Whitehaven Coal and more investment in local communities. The Vickery Project will support the local community by delivering more jobs, more investment and greater economic security.

Drafting of the EIS document and supporting documents is nearing completion. A decision of the preferred rail route is close and is likely to be concluded in the September quarter.

Timing for construction commencement of the Vickery project remains market dependent, but will likely occur once Maules Creek has been fully ramped up to its 13Mtpa capacity.

Innovation

I would like to close my report with a few words about innovation. Whitehaven Coal is an innovative company in an innovative industry.

At our world-class Maules Creek mine, the use of ultra-class equipment – trucks and excavators – has increased productivity and reduced costs. Up the road at our underground Narrabri operation, the longwall and newly installed 400 metre wide face is fully automated and was one of the first in Australia to be equipped with computerised operating system which enables horizon control. It is pleasing that Narrabri is now one of the most productive underground mines in Australia and the mine has consistently outperformed its original design capacity.

At our Gunnedah open cuts, the commissioning of a new explosives provider has lowered the amount of explosives used and improved fragmentation of the blasted material. The use of the explosives has also contributed to improved productivity of the mining fleet and lowered costs.

And with our high-quality coal helping countries across the region lower their carbon emissions, Whitehaven Coal and Australian coal producers more generally are well-placed to meet the increased global demand for cleaner coal.

Conclusion

Reflecting on the past year, and the decade since Whitehaven listing, it is fitting to thank and pay tribute to my fellow Directors, our Joint Venture Partners, shareholders, banking syndicate, management (both past and present), workforce and of course shareholders for their support over recent years.

As we look forward to another decade of success, your company would not be in the strong position that we are in today without your support. We look forward to another outstanding year in FY2018.

The Hon. Mark Vaile AO
Chairman

CEO's Statement

This has been another significant 12 months of achievement for Whitehaven Coal. We continue to make strong progress both operationally and financially and this is thanks to a strong team driven effort. Before I set out some of our achievements and priorities, it is worth reflecting a little on how far we have come as a company.

As many shareholders will know, Whitehaven Coal was formed in 1999 to develop the Canyon open-cut mine near Gunnedah. The commencement of operations soon followed at Tarrawonga and Werris Creek before the company listed on the Australian Securities Exchange in 2007. The past decade has seen your company grow from a relatively small mining company to a major coal player in the Australian (and international) markets.

Reporting on the past financial year, my thanks to all who have made this happen. From our excellent management team to our dedicated workforce who so diligently go about their business each day.

The hard work has been rewarded by the company reporting its highest ever profit for the year. This is a fitting result for a company celebrating its 10 year anniversary of listing on the ASX and reflects well on all of those people who have shared and participated in the journey.

It is also pleasing to demonstrate the confidence that the board has in the business by proposing a 20 cents per share distribution to shareholders. The investments made over the past five years are generating healthy cash flows, debt levels have fallen over the last two years by more than $600m from their peak and the company has a strong balance sheet so shareholders can expect to receive more returns.

Operations

Turning to some of the achievements of the past 12 months, Whitehaven Coal set a series of records for FY2017:

- ROM coal production of 23.1Mt (up 13%)
- Saleable coal production of 20.8Mt (up 6%)
- Coal sales of 20.7Mt (up 3%).

Importantly, we have delivered what we said we would do this time last year: a continued focus on safety, meeting production guidance provided to the market, holding costs in the first quartile, and continuing to repay debt.

Each of our operations has contributed greatly over the course of the year. Obviously the largest single contributor to the year on year improvement has been Maules Creek at 9.7Mt ROM coal. The Narrabri underground mine overcame some operational challenges early in the year to produce 7.3Mt ROM coal, and installed the first 400m wide longwall face.

Elsewhere, the set of smaller Gunnedah open cut mines – Werris Creek, Tarrawonga and Rocglen – again showed why they remain the bedrock of the business with record annual production of 6.1Mt ROM coal.

Of particular note is the strong safety performance at all of the Gunnedah operations registering only one recordable injury for the entire year.

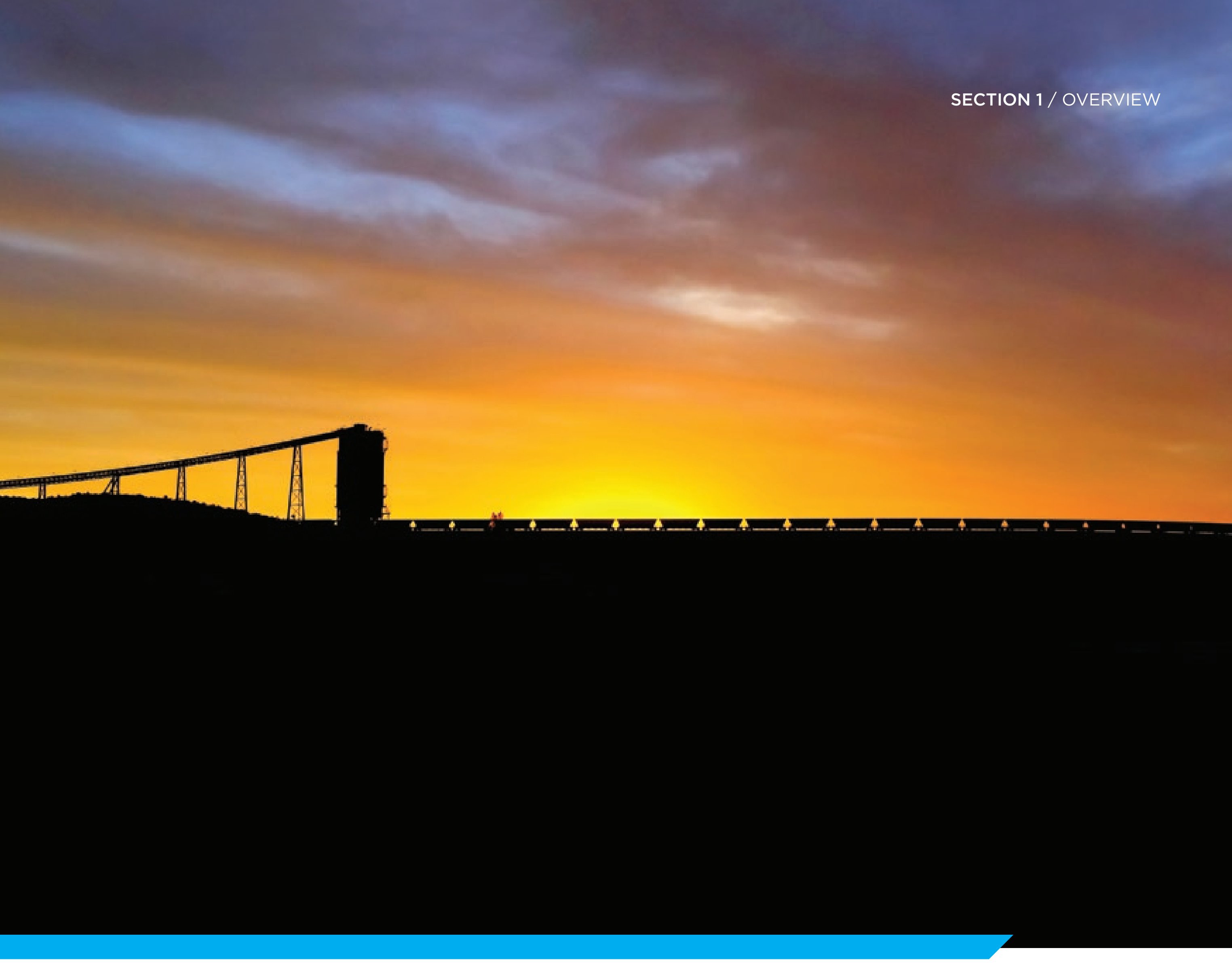
Our team's continued focus on safety has seen Whitehaven Coal's Total Recordable Injury Frequency Rate (TRIFR) reduce to 7.4. This compares with an NSW mining industry average of 14.7. Safety remains a key priority and further focus will be placed on ensuring ongoing high safety standards.

Community

As the region's largest single employer, we continue to grow a strong and productive workforce. This in turn has been a major contributor to our region being one of the most healthy, from a growth perspective, across the State.

Over the past 12 months we have continued to build on our efforts to maintain and grow good relations with the local community. One such initiative supported this year was the launch of the Girls Academy in Gunnedah. The Girls Academy works within local school systems to provide support for Indigenous high school age girls to engage in school and pursue their goals.

Our goal is that as Whitehaven continues to grow, the composition of the company's workforce should reflect the population in which we operate. As such, this year we launched maternity leave support for existing employees and as reported in our recent WGEA submission, increased the number of female employees by 26% and female operators by 56%. We will continue to focus on making progress in this important area and endeavour to identify opportunities for local people to join Whitehaven.



Whitehaven's continued efforts in community relations has been recognised this year around the wider community.

Our Aboriginal employment program at Maules Creek was highlighted as a model of best practice by the Prime Minister in this year's Closing The Gap report, while Maules Creek employee Murray O'Keefe was awarded the Young Achiever Award at the 2017 NSW Mining Industry and Suppliers' Awards. The Young Achiever Award recognises an inspirational young professional aged between 18–35 years who is building a successful career in mining. Congratulations to Murray.

Outlook

Coal has powered the industrialised world's development and prosperity over the past century. Cheap, affordable, scalable and accessible energy has lifted millions out of energy poverty and improved living standards and life expectancy across the entire world.

As shareholders in Whitehaven Coal, you may be aware that your company has been passionate advocates for the coal industry. We will continue to be so.

As a supplier of some of the highest quality coal in the world, we are well-placed to meet the increasing global demand for cleaner coal. Our coal basin produces exceptionally high-quality coal which gives us a major competitive advantage in the premium growth markets of Asia. When our coal is used in high efficiency low emissions power stations (HELE) now commonplace in our exports markets, it generates substantially less emissions than any power station here in Australia.

Looking ahead, our focus for the next year is on:

- An enhanced focus on safety as our number one priority
- Consolidating our growth operationally to bolster our business processes and systems ready for the next wave of growth
- Delivering increased saleable production but maintaining a laser focus on cost control
- the submission of the Environmental Impact Statement for the Vickery Extension Project.

From a financial perspective, our balance sheet is in a strong positon and we will continue to focus on further reducing our debt, returns to shareholders and providing flexibility for future growth.

In conclusion, it has been another strong year of delivery, and on many levels we believe a successful year. Thank you for your support.

Paul Flynn
Managing Director and CEO

Section 2:

STRATEGY

Strategy

Whitehaven Coal's strategy is focused on enhancing the strong position we have established as the coal supplier of choice, the employer of choice and the coal mining investment of choice. As we continue to grow our business, our long-term priorities are:

Premium Markets

Whitehaven Coal continues to strengthen relationships with established customers throughout the key markets of Japan, Korea and Taiwan, while generating new opportunities across South East Asia and beyond. Our high-quality coal ensures we are aligned to the Asian markets that require a premium product.

Premium Products

As the dominant player in the only emerging high-quality coal basin in Australia, Whitehaven Coal is uniquely positioned to fulfil the needs of those markets requiring premium quality coal. The world wants technological advancement and more energy created with lower emissions. Regulatory change around the world encourages the use of Whitehaven's high-quality coal.

Projects

Having delivered the tier one Maules Creek mine ahead of schedule and below budget, Whitehaven Coal has a track record of efficient project management. As we look forward to another ten years of success, the proposed Vickery Extension Project is next in our pipeline of projects to meet market needs.

Talented Personnel

Whitehaven Coal is committed to developing the skills of its people, working together to build a culture of respect, transparency and efficiency, while continuing to attract and retain the right people with the right skills to meet the future demands of the business.

Operating Efficiency

Whitehaven Coal continues to have a long-term commitment to reduce costs, wherever it is safe to do so. By doing so, we have been able to grow margins and productivity to support future growth and capital improvements.

Future Growth: Vickery Extension Project

Whitehaven Coal's Vickery Extension Project seeks to expand the size of the already-approved Vickery Coal Project. The Project site is located approximately 25 kilometres north of Gunnedah in the Gunnedah Coal Field. The project encompasses the former Vickery Mine and the former Canyon mine, which closed in 2010.

Whitehaven Coal received approval from the NSW Government for the 4.5Mtpa Vickery open cut mine in September 2014. We are now seeking approval to increase production up to 10.0Mtpa.

The increased production will help fund new infrastructure for the mine, including a new washery and rail line. A new rail line will see coal mined by Whitehaven transported via rail, reducing the amount of coal trucks on local roads initially, and potentially removing coal trucks from shared roads altogether in the future.

A new coal washery on site at Vickery will enable us to close and transfer the functions of the Gunnedah CHPP currently located at the northern end of town.

If approved, the Project is expected to create 500 jobs during the construction phase, and 450 jobs during operations. Consistent with all our operations, the majority of our operational workforce will be based in the local community.

Vickery last operated as a functioning open cut mine in the late 1990s and the site has been partially rehabilitated.

A completely revised and enhanced Environmental Impact Statement for the Vickery Extension Project is due to be lodged with the NSW Department of Planning and Environment in September 2017.

The NSW Department of Planning and Environment is expected to take up to eighteen months to approve the Vickery Extension project. During this time Whitehaven will seek to form a joint venture by selling up to 30% of the project to potential product offtakers and or investors.

Once the project is approved the Whitehaven Board, along with the joint venture partners, will consider the final investment decision.

The Vickery Extension Project will provide more investment and greater economic security for the local region

500 JOBS

If approved, the Project will provide 500 jobs during the construction phase and 450 jobs during operations

1990s

Vickery last operated as a functioning mine in the late 1990s

The final investment decision will be taken subject to market conditions and the outlook for the sale of the high-quality products to be produced by the project.

Vickery Projects Timeline 2007 – 2017

2007

FY2010
Purchase of Vickery project from Rio Tinto

FY2011
Initial JORC resource for Vickery released

FY2015
Approval received for the Vickery project at initial 4.5Mtpa ROM coal

2017

Vickery Project Indicative Timeline from 2017

2017

September 2017
EIS lodged, approval process commenced

CY2018
Formation of JV, interested parties invited to participate

H1 CY2019
Proposed project approval by all the relevant Government authorities

H1 CY2019
Board to make final investment decision

CY2023
Fully ramped production of 10Mtpa ROM coal and 8.5Mt saleable product comprising 40% thermal coal and 60% metallurgical coal available for sale

Creating Value

Building long-term relationships with our customers, people, communities and investors.

Customer Value

STAKEHOLDERS

Steel producers and power plants, including joint venture partners, in Japan, Taiwan, Korea and South East Asia

- Safe, reliable and consistent supply and delivery of quality products
- Maintain strong technical and commercial relationships through open and honest communication and delivering on our promise

ENGAGEMENT

- Japan office (with in-country employee)
- Highly skilled and experienced marketing team
- Quality control of Whitehaven products
- Targeted continuous improvement programs
- Regular visits to operations

Employee Value

STAKEHOLDERS

Employees working across Whitehaven's operations

- Employment and career pathways
- Training and development

ENGAGEMENT

- Professional development
- Annual safety day
- Leadership briefing sessions
- Employee surveys
- Internal communications channels including prestart meetings, company emails, newsletters, site notices and events

Community Value

STAKEHOLDERS

Local and Aboriginal communities in proximity to Whitehaven's operations and the broader North West NSW community

- Potential environmental and social impacts associated with Whitehaven's operations
- Sustainable community development through local employment, training and education, business development and opportunities, and investment in services and amenities
- Culture and heritage impacts

ENGAGEMENT

- Office in Gunnedah central business district
- Community consultation and engagement
- Whitehaven-hosted community events
- Donations and sponsorship program
- Partnerships and investments in major projects
- Trainee and apprenticeship programmes
- Dedicated Aboriginal Community Relations employee

We have helped
18
countries meet their energy needs over the past 12 months

We made payments of
$159.4m
to around 1,000 employees in remuneration and superannuation

We have invested
$1bn
in the North West NSW economy since 2012

In the past year we made
90
donations to community groups

Supplier Value

STAKEHOLDERS

Sourcing and collaborating with range of diverse suppliers, including businesses local to Whitehaven's operations in North West NSW

- Working closely with suppliers and contractors to achieve mutually beneficial outcomes
- Transparent communication throughout contract award process and meeting agreements and processes on an ongoing basis

ENGAGEMENT

- Regular meetings, communication and reviews with strategic suppliers and contractors
- Strategic relationships with contractors and suppliers
- Early engagement with key contractors and suppliers for major projects

Investor Value

STAKEHOLDERS

Shareholders, investors and regional and international organisations concerning environmental, human rights, sustainability and corporate social responsibility

- Long-term wealth creation
- Risk management
- Community engagement
- Environmental performance
- Human rights
- Compliance

ENGAGEMENT

- Annual report
- Sustainability reporting
- State and Federal Government reporting
- Media releases
- ASX announcements
- Environment and community departments

Economic Value

STAKEHOLDERS

Federal, State and Local Governments, businesses and suppliers, local workforce

ENGAGEMENT

- Job creation
- Taxes, royalties and Voluntary Planning Agreement payments
- Funding of public infrastructure and services
- Payments to business and service suppliers
- Training and employment
- Supporting innovation and productivity

We worked with more than
350
local suppliers during the past year

167%
shareholder return between 1 July 2016 and 30 June 2017

$171.9m
in royalties paid to the NSW Government this year

$3.5m
in voluntary planning agreements payments last year for local community infrastructure

Coal and its Global Role Today

Coal is a critical provider of modern necessities such as power, light and heat through reliable and affordable electricity generation, and in the form of everyday materials such as steel and concrete. Coal provides 41% of the world's electricity, 75% of the world's steel and 85% of the world's cement production.

According to the International Energy Outlook (IEO) 2016, coal remains the second-largest primary energy source worldwide—behind oil. Coal represents 29% of global primary energy (IEA, WEO 2016, p.204; IEA, Medium Term Coal Market Report 2016, p.17).

Coal-fired power plants currently fuel 41% of global electricity (IEA, WEO 2016, p.204). Coal currently accounts for 29% of global primary energy demand, compared to 31% for oil, 21% for gas and 1% for renewables (excluding large-scale hydro and biomass)(IEA, WEO 2016, p.57).

In the future the world faces a huge challenge in meeting global energy demand. Technology-driven urban lifestyles, the growth of the middle class, rising incomes, and more electricity-enabled appliances and machines will contribute to electricity demand doubling (WEC, World Energy Scenarios 2016 p.9). All sources of energy will be needed to meet this challenge.

While renewables will have a role to play, fossil fuels are the only source able to provide base load electricity around the clock. According to the IEA, global electricity from coal is expected to grow to 2040 (IEA, WEO 2016,) even as its overall share decreases relative to other fuels and renewables.

11%

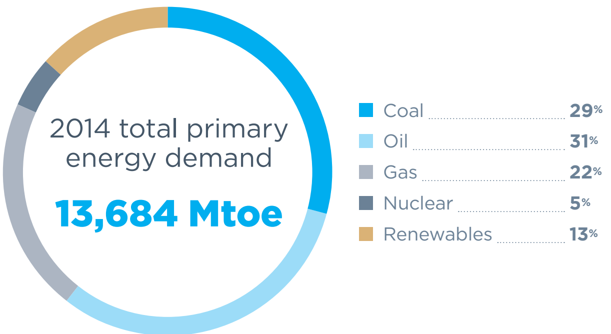
Global electricity generation from coal is expected to grow by around 11% to 2040*

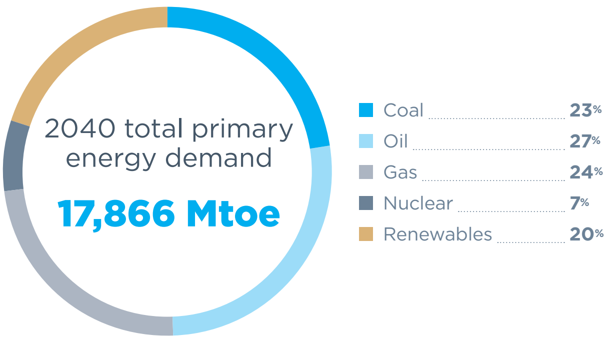
29%

Coal accounts for 29% of global primary energy demand^

Source: *World Coal Association. IEA, WEO 2016. ^IEA, WEO 2016, p.57.

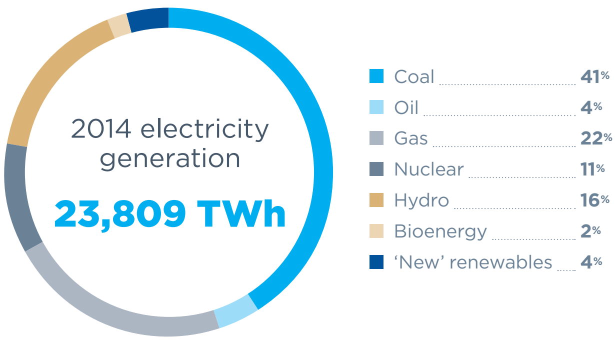
Global primary energy demand under the IEA New Policies Scenario

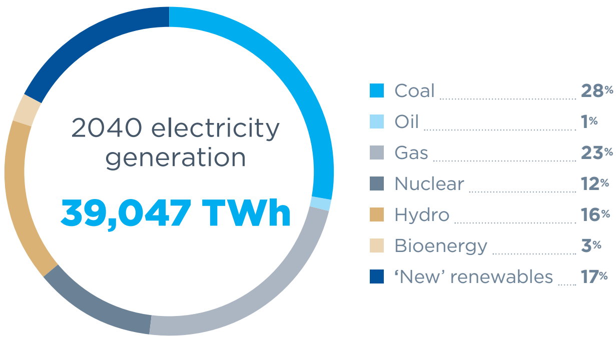




Source: World Coal Association. International Energy Agency, World Energy Outlook 2016, see page 49 for more details.

Global electricity mix





Source: World Coal Association. International Energy Agency, World Energy Outlook 2016. Coal increases from 9,707TWh to 10,787TWh, see page 49 for more details.

Coal and Future Demand in Asia

In its annual World Energy Outlook 2016 report, the IEA forecasts that coal will remain the largest single source of electricity generation through to 2040. Most of the new demand for coal will be driven by South East Asia and India.

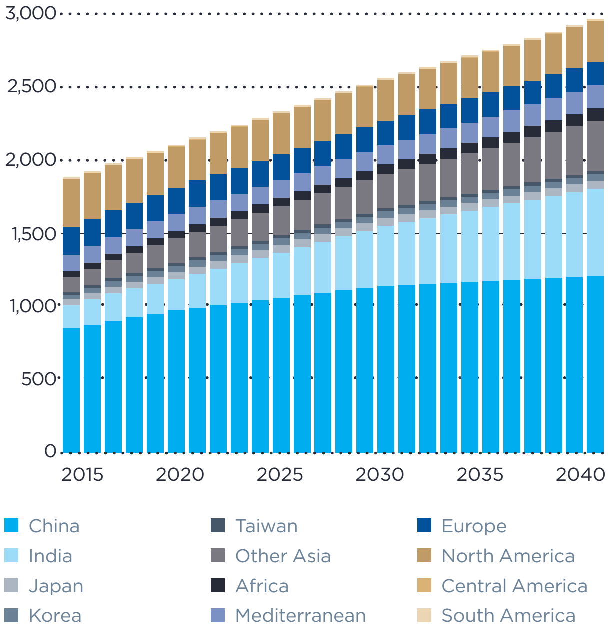
The IEA continues to see an increase in global coal use by 0.2% per year, and says China's coal use will continue to make up more than half of the country's total power generation, with Australia remaining the largest coal exporter, followed by Indonesia. Also the IEA predicts that the future of energy growth will be led by non-OECD countries, with India, South East Asia and China in particular leading demand.

Based on the 2016 IEA World Energy Outlook report, global coal demand will have rebounded to 2014 levels as a result of growth in India and South East Asia by 2040, and over 80% of global coal consumption will take place in Asia.

Electricity demand in South East Asia almost triples over the period, to around 2000 TWh in 2040, an increase bigger than current demand in India.

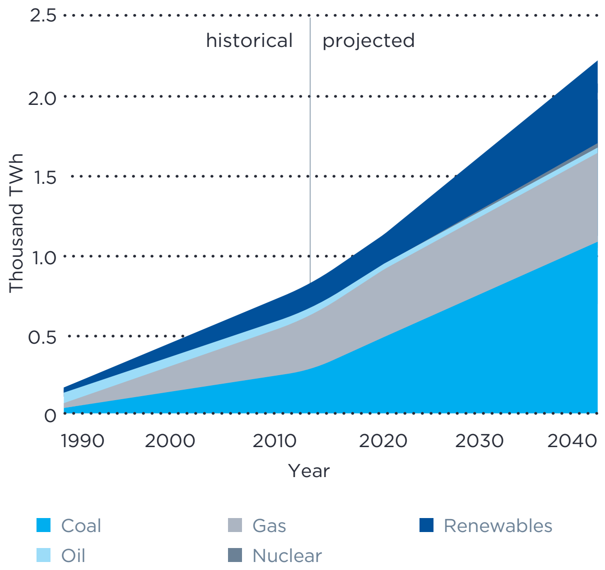
The world wants technological advancement and more energy created with lower emissions. Whitehaven Coal is uniquely positioned to fulfil the needs of those markets such as Asia requiring premium quality coal.

Installed Coal Generation Capacity by Country/Region



Source: World Coal Association Analysis.

South East Asia electricity generation by source in the New Policies Scenario



Source: Adapted from IEA WEO 2015.

Coal and Technology

Even in a world where renewables play a larger role in the energy mix, coal such as Whitehaven's best quality, high energy, low ash, low sulfur coal, has a vital role to play.

There is an assumption that we can get rid of coal, and only by getting rid of it can we meet climate objectives. This is false. Coal plays a critical role in the world's energy mix and is going to do so for a very long time to come. Coal is not the problem, emissions are, and in order to reduce emissions and get us on the pathway to achieving the Paris Agreement's well below 2 degree target, high efficiency low emissions (HELE) technologies should be supported to reduce emissions.

HELE and Australia

Australia is facing an energy shortfall with 8GW of coal plants to retire by 2030, and a total of 25GW by 2040. While wind and solar have a role to play, the only affordable, reliable electricity available 24/7 comes from coal-fired plants.

Coal-fired generation is both reliable and affordable. It runs at capacity well over 85 per cent of the time (compared to 20 to 37 per cent for intermittent renewables); it strengthens the grid and because Australia has the highest quality coal in its backyard, it provides national energy security.

Leading HELE technology already anchors electricity production of countries such as Japan and Germany. Fast growing economies of Asia are also building and planning some 1200 HELE plants.

Sources: Minerals Council of Australia factsheet The Affordable Energy Solution (July 2017).

Cost by generation to meet Australia's looming 50,000GWh shortfall

	Capacity required	Construction cost
HELE	6.5GW	$14BN
WIND	15.4GW	$33.9BN
SOLAR PV	28.5GW	$59.9BN

Source: Solstice Development Services, 2017; GHD, 2017; MCA Calculations.

Note: 50,000GWh is the approximate output of Liddell, Yalloum, Vales Point and Gladstone that are likely to close by 2030 (Hazelwood is an additional 11,000GWh).

HELE technologies and efficiency improvements

		EFFICIENCY RATE*	CO_2 INTENSITY	COAL CONSUMPTION	STEAM TEMPERATURE
More Efficient	Advanced ultra-supercritical	45–50%	670–740g CO_2/kWh	290–320g/kWh	700˚C+
	Ultra-supercritical	Up to 45%	740–800g CO_2/kWh	320–340g/kWh	600˚C+
	Supercritical	Up to 42%	800–880g CO_2/kWh	340–380g/kWh	Approx. 550˚C–600˚C
Less Efficient	Subcritical	Up to 38%	≥880g CO_2/kWh	≥380g/kWh	<550˚C

*Lower heating value

Source: Adopted from IEA, Technology Roadmaps, High-efficiency lo-emissions coal-fired power generation, 2012.

HELE and emissions reductions

HELE coal-fired generation reduces emissions by up to 50 per cent. A HELE USC emits 0.773 t CO_2/MWh or 49 per cent less than the recently retired Hazelwood brown coal plants or 25 per cent less than subcritical black coal plants which dominate Australia's coal fleet.

If all existing coal plants in Australia upgraded to the best HELE technology this would reduce emissions by 45 million tonnes per year or 25 per cent of National Electricity Market coal emissions.

Importantly, HELE USC also sets us on the pathway to adopting CCS which would reduce CO_2 emissions to near negligible levels of 0.106 t CO_2/MWh.

For the first time, Australian engineering experts have produced a 550-page technical study and cost estimate to build a HELE coal-fired power plant in Australia.

Solstice Development Services and GHD conclude the construction cost of building a 1000 MW ultra-supercritical (USC) plant would be $2.2 billion.

Electricity sourced from a HELE plant is also the cheapest at $40 to $78 MWh compared to gas at $69 to $115 MWh. Intermittent wind ($64 to $115 MWh) and solar ($90 to $171 MWh). These costs blow out further when the necessary cost of battery storage is added.

The study shows significant savings by using existing power station sites and utilising the latest technology from Asia.

A HELE plant costs less to build than the $3 billion of subsidies to renewables every year and is the lowest cost 24/7 power.

Sources: Minerals Council of Australia factsheet The Affordable Energy Solution (July 2017). Solstice Development Services, Prospects for a HELE USC coal-fired power station development desktop study, June 2017, GHD, HELE power station cost and efficiency report, June 2017.

8GW
NEM baseload capacity closing between 2017 and 2030

$3BN
Government subsidies paid to renewables in Australia in 2015–16

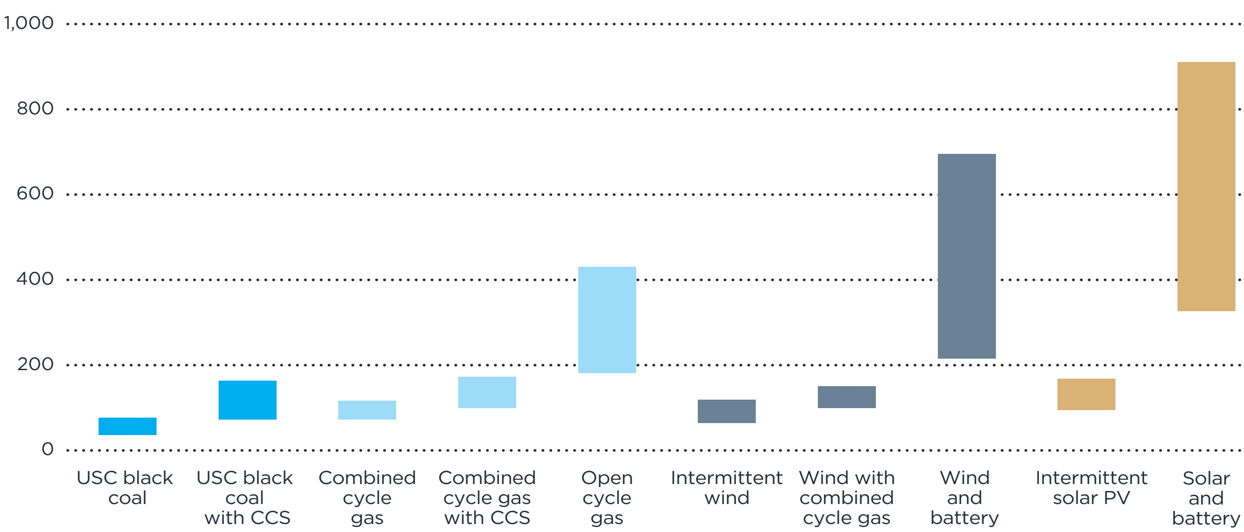
193%
Average state electricity wholesale price increase in the year to March 2017

$2.2BN
The cost of building a 1000 MW USC plant on a brownfield site

Source: Solstice Development Services, 2017; GHD, 2017; MCA Calculations.

HELE electricity is the lowest cost 24/7 power (A$/MWh)

Electricity generations costs 2017

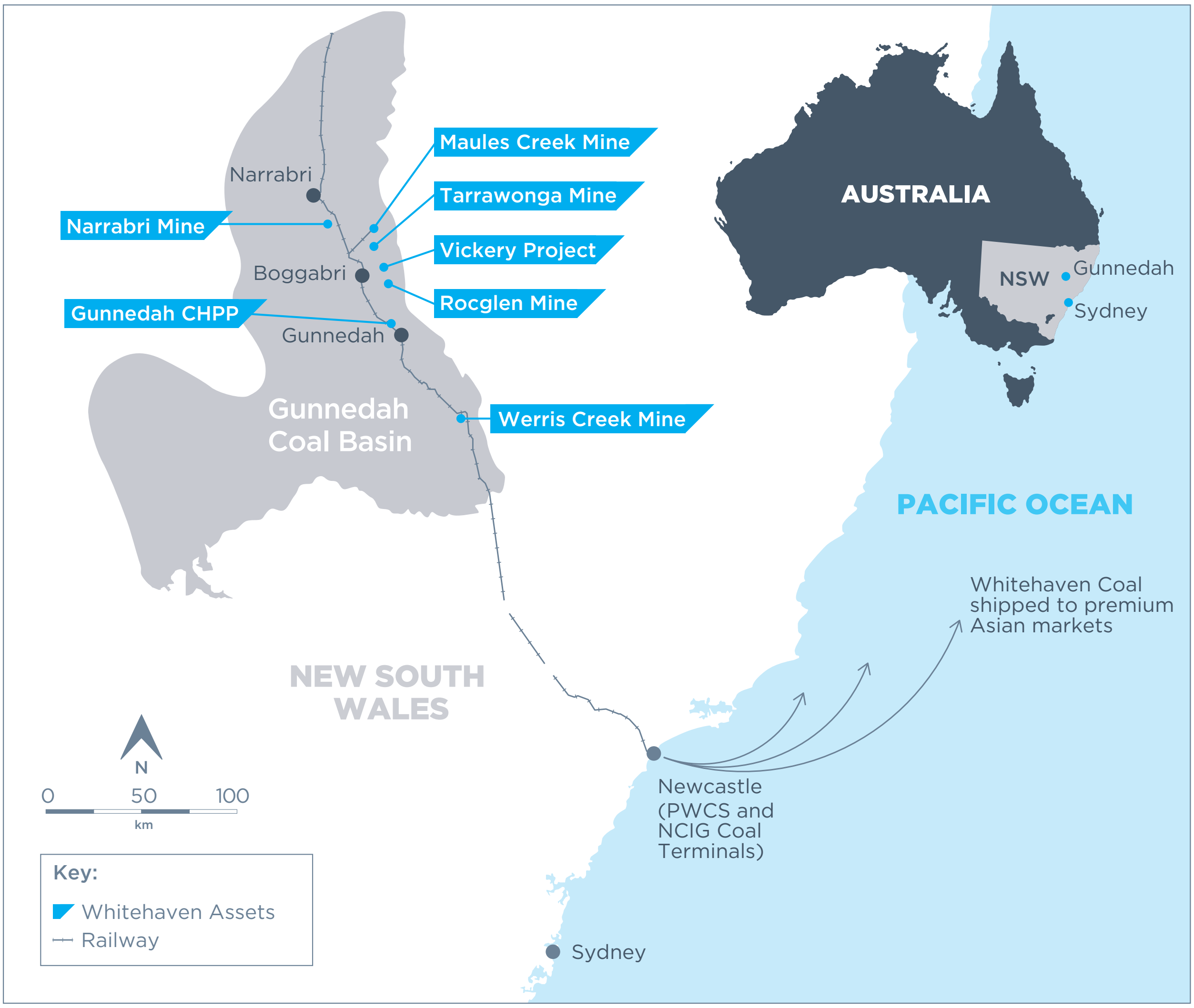


Section 3:

OPERATIONS

Our Assets

Whitehaven Coal Tenements



Managed Coal Sales FY2017

Japan	63%
Taiwan	11%
Korea	7%
Chile	3%
Malaysia	3%
Indonesia	2%
Other	11%

India	29%
Japan	20%
Korea	14%
China	13%
Taiwan	10%
Vietnam	8%
Other	6%

Outlook

Operations

Saleable coal production guidance for FY2018 is in the range of 22Mt to 23Mt, higher than FY2017 as Maules Creek is expected to produce ROM coal at an annualised rate of 10.5Mt for the full year and ROM production from Narrabri is also expected to increase. The next ramp up step for Maules Creek is scheduled to commence early in FY2019. ROM production from Narrabri in FY2018 is expected be higher than FY2017 following the installation of the wider longwall face and the requirement for only one longwall change-out. ROM coal production for the Gunnedah open cuts is expected to return to a level more in line with historical run rates.

Maules Creek and Narrabri are tier one assets with long mine lives and industry leading low cost structures. There are opportunities to increase production at both mines in the near and medium term, while prospects also exist for life of mine extensions. These mines are now firmly established as key pillars underpinning Whitehaven's future success.

Demand

Whitehaven's high-quality, clean coals continue to attract strong demand from a growing customer base in over ten countries. Whitehaven has attracted a number of new customers during FY2017 in countries such as China and Vietnam for semi soft coking coal and Malaysia for thermal coal.

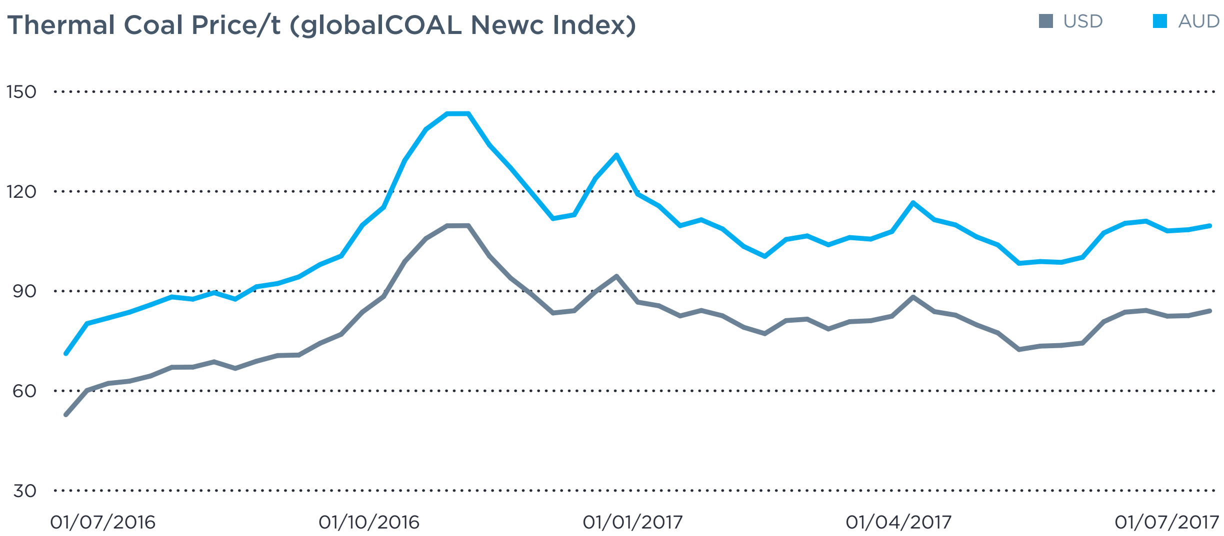
Recent analysis by CRU, a respected industry consultant, indicates that demand for seaborne thermal coal will continue to grow steadily over the next five years. The growth profile incorporates declining imports by China, modest import growth by India and strong import growth from a number of developing South East Asian countries.

Pricing

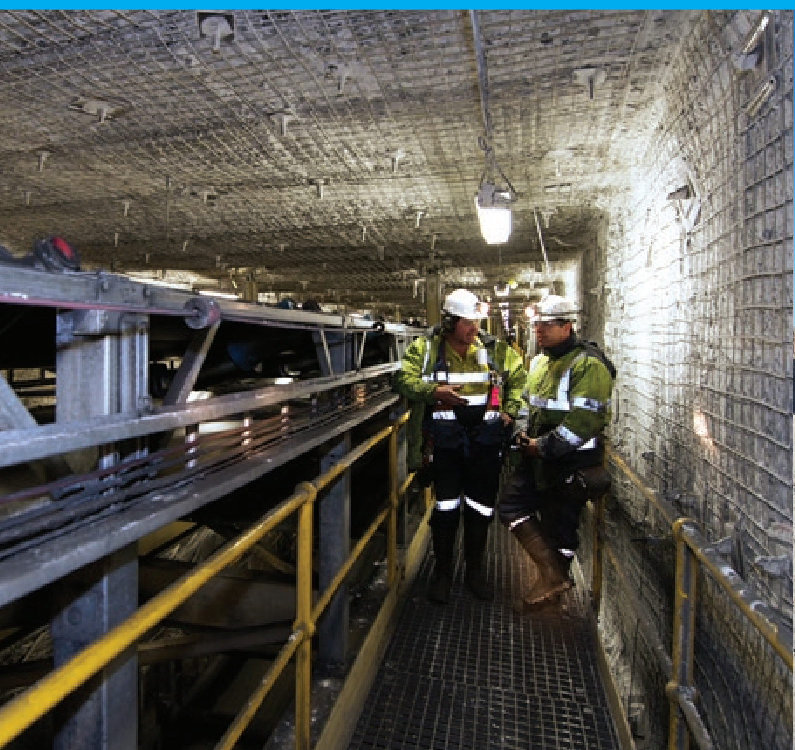
Coal demand remains strong, especially in Asia, and is responsible for the improvement in prices for both metallurgical and thermal coal in recent weeks. The demand for thermal coal in China increased as hot weather and reduced hydro availability increased the coal burn in thermal power stations. Imports of thermal coal into the country have been higher than anticipated, and when combined with weather related constraints on supply from Indonesia and some production issues in Australia, have pushed up the price of seaborne thermal coal in the past two months. While most of these issues are likely to be resolved in coming months, the confluence of events has provided a good platform for the thermal coal price as FY2018 unfolds. In the longer term, as a number of Asian countries continue to deploy new HELE power stations, the demand for high-quality thermal coal will continue to grow strongly.

Following a six month period of extreme price volatility in spot metallurgical coal prices after the Queensland cyclone, metallurgical coal prices are now stabilising. The price remains well supported by strong steel production in China and a number of other countries. One area of uncertainty is the pricing mechanism for metallurgical coal types. The drawn out negotiations to settle quarterly benchmark prices for the June quarter and subsequent changes to the quarterly benchmark pricing methodology are likely to result in closer correlation between quarterly benchmark and spot index prices.

Thermal Coal Price/t (globalCOAL Newc Index)




003
003
003



Maules Creek

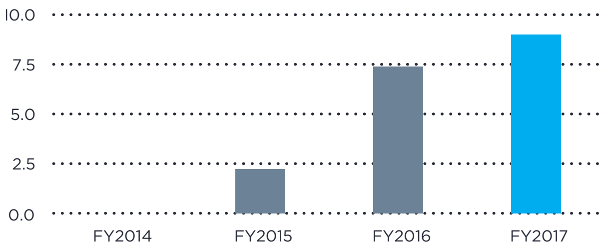
Whitehaven's newest and largest coal mine produced 9.7Mt of ROM coal and 9.0Mt of saleable coal during the year. The production ramp up continued in line with schedule as more mining equipment was added progressively to the mining fleet.

The pace of ramp up is limited by the amount of space within the open cut where the large ultra class equipment can operate safely and efficiently. Maules Creek was operating at an annualised rate of 10.5Mt in the second half of the year and will continue to operate at that rate for all of FY2018. It is worth noting that commercial operations only began two years ago and already the mine is making a significant contribution to Whitehaven's total production, profitability and cash flow.

It is pleasing to report that market acceptance of the Maules Creek thermal and metallurgical coal products has been outstanding. The high-quality thermal coal is being eagerly sort by many of Whitehaven's key customers along with new customers. Most of the thermal coal production is now sold under longer term contracts with pricing linked to the globalCOAL NEWC Index. Customers are paying an average a premium of around 9% over the Index price for the coal because of its higher energy and low ash qualities.

Sales of metallurgical coal are increasing ahead of expectations and reached 26% of total coal sales from the mine for the year. Expectations are that coal sales from Maules Creek will reach 50:50 thermal and metallurgical coal mix over the next three years. Many metallurgical coal customers are still in the testing phase for the coal, seeing how the coal performs in their respective coking coal blends,

Maules Creek Saleable Coal Production (Mt)



before they will commit to longer term contracts. However, several spot/trial customers have already signed up to longer term contracts and are likely to become long-term customers for the product.

Mining has commenced below the Braymont seam with the first of several lower seams likely to be accessed later this year. These seams contain higher quality coking coal and will enhance the overall quality of the coking coal sold into the market. This should attract more customers in the future.

The number of employees at the mine continues to increase. More than 70 employees at the mine are from an Indigenous background. The number of female operators at the mine is 12% of the workforce.

Production guidance for FY2018 is in the range of 10.3Mt and 10.6Mt ROM coal. Actual production of 9.7Mt ROM coal for FY2017 was in the range provided as guidance for the year.

Maules Creek Mine Timeline 2007 – 2017

2007

FY2012
Merger with Aston Resources and Whitehaven

FY2012
Sold 10% stake in Maules Creek project to J-Power Australia Pty Ltd

FY2013
Final approvals obtained from both Federal and NSW Government for Maules Creek Project

FY2014
Construction of Maules Creek Project commenced

FY2015
First coal railed from Maules Creek less than one year after construction commenced

FY2016
Maules Creek named NSW Mine of the Year – produced 7.4Mt saleable coal in first year of commercial production

FY2017
Increased production at Maules Creek to annualised rate of 10.5Mtpa

Narrabri

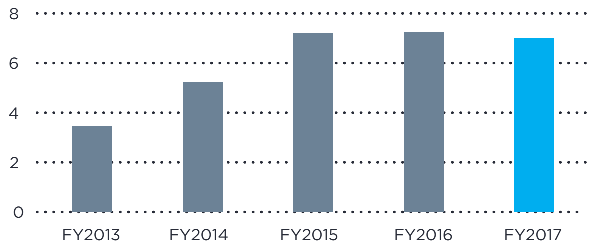
In another strong year and one in which the face widening project was completed, ROM coal production was 7.3Mt. Saleable coal production was 7.0Mt for the year. The mine continues to be one of the most productive and lowest cost underground mines in Australia.

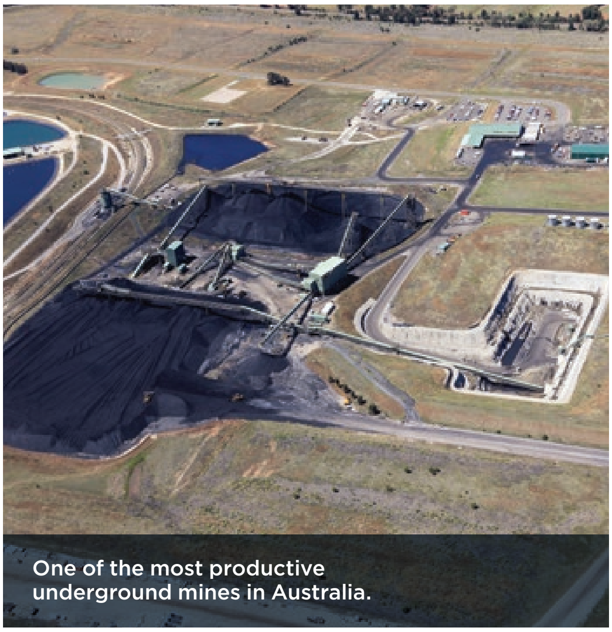
As indicated above, mining in the final 300 metre wide longwall panel (LW106) was completed in the second half of the year. The subsequent longwall changeout was completed on schedule and budget with mining of the first 400 metre wide panel commencing in April. The installation of the 400 metre wide panel which cost about $84 million on a 100% basis was the culmination of a two year expansion project at the mine. Work included expanding coal stockpile space on the surface, upgrading the electricity supply to the longwall and upgrading the conveyor system to haul the coal from the mine to the surface. Future production from the mine will be higher and costs lower than could be achieved with the 300 metre wide face.

Work is underway in the exploration lease to the south of the current mining lease at Narrabri with a view to increasing the Resource and Reserves in the area. A drill programme commenced early in 2017 along with mine planning and environmental studies. The results of this activity should become available over the next year and could lead to an increase in Narrabri mine life.

Production guidance for FY2018 is in the range of 8.0Mt to 8.4Mt ROM coal. Actual production of 7.3Mt ROM coal for FY2017 was modestly below the guidance range of 7.5Mt to 7.8Mt provided with the half year results.

Narrabri Saleable Coal Production (Mt)





One of the most productive underground mines in Australia.

Narrabri Mine Timeline 2007 – 2017

2007

FY2008
Narrabri Project approved and lease granted. Narrabri JV formed with sale of 7.5% stakes to Yudean Group, EDF Trading and J-Power

FY2009
Narrabri construction ongoing

FY2010
Sale of 7.5% stake in Narrabri to Korean consortium

FY2011
Expansion of existing operations – four continuous miners operating at Narrabri

FY2012
Longwall installed at Narrabri and undergoing commissioning

FY2013
Narrabri declared commercial

FY2014
Second longwall changeout at Narrabri completed

FY2015
Record production during year – including Narrabri at 7.7Mt ROM coal for year

FY2016
Move to widen longwall at Narrabri by 100 metres to 400 metres

FY2017
Narrabri's 400 metre wide longwall operating

Gunnedah Open Cuts

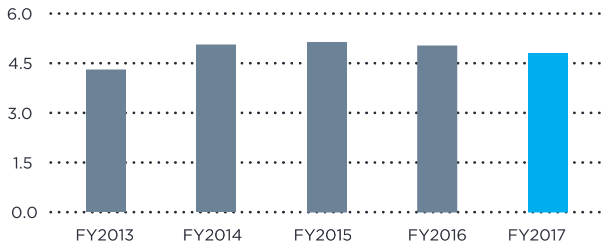
The three foundation mines owned by Whitehaven – Tarrawonga, Rocglen, Werris Creek and associated Gunnedah CHPP performed very strongly and safely in FY2017. Tarrawonga and Rocglen set new full year production records of 2.7Mt and 1.6Mt respectively.

Total ROM coal production from the three mines was 6.1Mt for the year, significantly above the guidance range of 5.2Mt to 5.5Mt ROM coal. Saleable coal production for the year was 4.8Mt with the difference between ROM and saleable coal production due to a build up in coal stocks at the mines in the final month of the year. As a result of the increased production and improved efficiencies costs across the three mines were lower than expected, helping these foundation mines make an increased contribution to Whitehaven's results for the year.

The TRIFR across the operations was less than 1.0 at year end. This rate is significantly below the NSW open cut average rate. This is a creditable performance by these mines as they set the pathway for all of Whitehaven's operations.

As previously indicated ROM coal production exceeded guidance for FY2017. Production guidance for FY2018 is expected to be in the range of 5.0Mt and 5.4Mt.

Open Cut Saleable Coal Production (Mt)



Rocglen: one of our Gunnedah mines underpinning our operations

Gunnedah Open Cuts Timeline 2007 – 2017

2007

FY2008
Rocglen Project approved and lease granted. Construction commenced

FY2008
Whitehaven moves to full ownership of Werris Creek mine

FY2009
Production commenced at Rocglen and Sunnyside

FY2013
Cost-cutting initiatives include Sunnyside placed into Care and Maintenance and Mine Plans at Tarrawonga and Rocglen revised

FY2017
Record year of production

Infrastructure and Logistics

Rail Track

Whitehaven contracts its below rail capacity with the Australian Rail Track Corporation (ARTC). The capacity framework which governs this contract has been recently renegotiated for a further 5 year term with a material reduction in track access costs. Whitehaven continues to work with ARTC to expand effective capacity within the Gunnedah Basin without requiring additional physical infrastructure through improved operating efficiencies. The objective of this work is to improve supply chain productivity and reduce costs.

Rail Haulage

Whitehaven has two rail haulage contracts, one with Pacific National and one with Aurizon. These contracts have a common expiry date in 2026. These contracts provide for the haulage of up to 30Mtpa, which allows for all currently projected brownfield expansions.
The company is able to align planned increases in production with contract rail haulage capacity by giving notice to the rail providers of the need for additional capacity. This supports the planned increases in Whitehaven's managed production levels, whilst minimising fixed cost exposure.

Port Capacity

Whitehaven holds contracts at the Port of Newcastle – either at NCIG or PWCS – to support planned shipments. Whitehaven will require additional port capacity for the forecast production ramp up over the next 5 years. There is currently surplus port capacity available at the port for both short-term surge and long-term annual requirements.

OVERVIEW
STRATEGY
OPERATIONS
SUSTAINABILITY
RESOURCES & RESERVES
LEADERSHIP & MANAGEMENT
FINANCIAL REPORT

Section 4:

SUSTAINABILITY

Sustainability

Whitehaven Coal is committed to operating a sustainable business. We recognise the importance of underpinning our operations with an aligned organisational culture, effective stakeholder engagement, good governance and business processes that embed sustainable practices into our day-to-day operations.

Since 1999 Whitehaven Coal has had its roots firmly in North West NSW. As we have grown to become the largest private employer in the area, so the region has grown with us.

Whether protecting the local environment, employing and training local people, supporting local organisations or helping fund new community infrastructure, Whitehaven Coal has a record of achievement since 1999.

Whitehaven Coal focuses on programs that can deliver greatest long-term benefits to the local community. This includes the opening a new dedicated office in Gunnedah CBD in 2016 to enhance the link with the local community and provide the opportunity for members of the community to directly engage with the company.

The local community supports our approach. A survey carried out by Newgate Research revealed that 66% of people in Gunnedah support mining and Whitehaven Coal has the strongest reputation in the region among mining companies who have coal mines in the Gunnedah Basin.

Ensuring a continued positive influence in the community will require long-term investment and resources. Respect and care for the community is the best way of showing mining can and does co-exist with other industries such as agriculture.

Whitehaven Coal's Health, Safety, Environment and Community Committee sets the direction for the company's continuing commitment to the highest safety, environmental management and community engagement standards.

Working with Whitehaven Coal's executive and senior management teams, the Committee helps ensure Whitehaven Coal has the leadership, capabilities, systems and reporting procedures required to achieve zero harm. Whitehaven Coal regularly reports our activities to Community Consultative Committees that have been established for each mine that we operate.

Documents on our website include the:

- Employee Code of Conduct
- Diversity Policy
- Continuous Disclosure Policy
- Securities Trading Policy
- Political Donation Policy
- Anti-Corruption Policy
- Donations and Sponsorship Policy.

COMMUNITY

$1bn

Whitehaven Coal has contributed around $1 billion to the North West NSW region since 2012

LOCAL BUSINESS

350

Last year we worked with more than 350 local businesses and suppliers

Our focus in the coming year will continue to emphasise how we:

- maintain our strong safety record
- most effectively and efficiently manage our impact on the environment
- empower and support our people to perform at the highest level, and
- continue to engage and support local community development

Awards and Achievements

Whitehaven Coal strives for operational excellence and in 2016 the Maules Creek mine was awarded the **NSW Minerals Council Mining Operation of the Year.**

One of the team at Maules Creek, **Murray O'Keefe**, Acting Mining Supervisor, was named **Young Achiever of the Year** by the NSW Minerals Council in 2017.

The Indigenous employment program at Maules Creek was recognised by the NSW Minerals Council as **'best in class'** within the industry and was included as a case study in the Prime Ministers Closing the Gap report for 2017.

Whitehaven Coal's apprenticeship and trainee scheme has won two awards – the **Large Host Employer** and **Safety award** – at the HVTC Excellence Awards.

Key Statistics

ASX 10 YEAR ANNIVERSARY 2007 to 2017

Performance data

Safety and People	Year to 30 June 2017	Year to 30 June 2016	Year to 30 June 2015
Number of employees (FTE)*	960	843	779
Percentage of female representation in company	11.0%	10.3%	8.7%
Percentage identifying as Aboriginal and/or Torres Strait Islander employees	11%	11%	8%
Fatalities	0	0	0
Total recordable injury frequency rate per million hours worked (TRIFR)	7.4	10.6	9.7
Lost time injury frequency rate per million hours worked (LTIFR)	2.2	2.8	2.1
Safety – number of penalty infringement notices	0	0	0

*Not including contractors.

Environment: Land	Year to 30 June 2017	Year to 30 June 2016	Year to 30 June 2015
Environment – number of penalty infringement notices	3	2	4
Land owned/leased (hectares)	68,314	65,487	63,270
Land disturbed (hectares)	2,942	2,672	1,450
Land rehabilitated (hectares)	668	653	550
Land leased for agriculture (hectares)	27,572	29,382	30,350
Land based biodiversity offset (hectares)	21,741	20,078	20,078
Properties leased for agricultural purposes	112	111	109

INFRASTRUCTURE

$3.5M

committed this year to local infrastructure and service upgrades

COMMUNITY

90

donations to community groups and projects

PEOPLE

75%

Around three quarters of our workforce live in the area of our operations, supporting the local economy

Environment: Energy	Year to 30 June 2016*	Year to 30 June 2015	Year to 30 June 2014
Greenhouse gas emissions (kilotonnes CO_2-e)	1,161.8	761.8	465.6
Intensity – greenhouse gas emissions (tonnes CO_2-e per tonne ROM coal)	0.057	0.048	0.040
Total energy use (terajoules)	3,967.5	3,128.4	2,212.2
Intensity – total energy use (gigajoules per tonne ROM coal)	0.193	0.198	0.192

*Most recent reportable period.

Environment: Water	Year to 30 June 2017	Year to 30 June 2016	Year to 30 June 2015
Water license allocation (mL)	9,804	9,925	–*
River/bore water extraction (mL)	1,464	1,580	–*
Water used (mL)	3,649	3,964	–*
Water recycled (mL)	2,826	1,985	–*

*Data not available for year to 30 June 2015.

Economic: Community	Year to 30 June 2017	Year to 30 June 2016	Year to 30 June 2015
Wages and Salaries ($m)	$159.4	$139.3	$125.6
Payments in taxes and royalties to governments ($m)	$226.3	$166.0	$129.6
Payments to businesses and suppliers in North West NSW ($m)	$237.7	$203.0	$214.9
Voluntary planning agreement expenditure ($m)	$3.5	$6.4	$0.9
Number of donations and sponsorships made to community groups	90	75	70
Donations and sponsorships ($'000)	$296	$217	$208

PEOPLE

140

staff participated in the 2017 Whitehaven Coal Safehaven Conference

LAND

2%

of land owned by Whitehaven is actively mined

ENVIRONMENT

160,000

trees planted in biodiversity offsets this year

Health and Safety

Whitehaven Coal's operations share the conviction to never compromise on the health and safety of our people, making this a priority at all times.

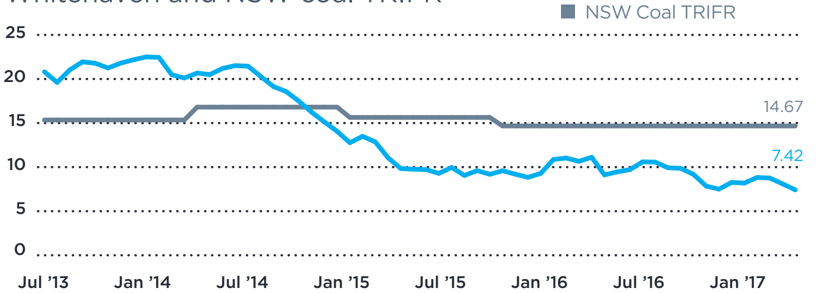
Our goal is for zero workplace injuries or illness and for every person to go home safe and healthy after each work day. Whitehaven Coal's people are committed to continually improve performance and provide a safe and healthy workplace for fellow employees, business partners and contractors.

As the company continues to grow its operations, Whitehaven Coal proactively reviews and improves its practices, responses and training procedures, collaborating with internal and external specialists to educate, communicate and engage with our workers.

On health, Whitehaven Coal takes cares of workers by preventing and reducing exposure to noise, dust, manual handling and vibration. The potential for fatigue to contribute to safety incidents is understood across the industry and Whitehaven Coal uses a range of methods to reduce potential for harm.

Whitehaven Coal sites have been smoke-free since 2016 and wellness campaigns have also taken place around obesity, mental health, stretching, hydration and skin cancers.

Whitehaven and NSW coal TRIFR



Note: Data includes WHC employees and contractors at all mine sites, Gunnedah CHPP and Corporate office. TRIFR refers to total recordable injury frequency rate.

Performance

Whitehaven Coal safety performance confirms the effectiveness of the Safehaven Rules introduced by the company in 2014.

In FY2017 Whitehaven's TRIFR (Total Recordable Injury Frequency Rate per million hours worked) was 7.42. The Whitehaven group TRIFR has halved since the Safehaven program began in 2014.

Whitehaven's TRIFR rate compares favourably with the NSW industry benchmark of 14.7.

On an operational basis the Gunnedah operations registered only 1 recordable injury for the year.

Over the year there were no fatal incidents across Whitehaven's operations. All high-risk incidents were investigated and necessary measures taken to prevent similar incidents.

CASE STUDY

Safehaven Conference

More than 140 people from across Whitehaven took part in the company's annual Safehaven Conference.

The day provided an opportunity for our people to come together in an internal forum to reinforce Whitehaven expectations, review current programs and introduce new areas of focus.

Topics discussed this year included critical control monitoring, airborne dust, personal health, movement for improvement and safety leadership.

Attendees heard from a number of keynote speakers including Victoria Cross awardee Daniel Keighran, motivational speaker Matt Church and work safety advocate Helen Fitzroy.

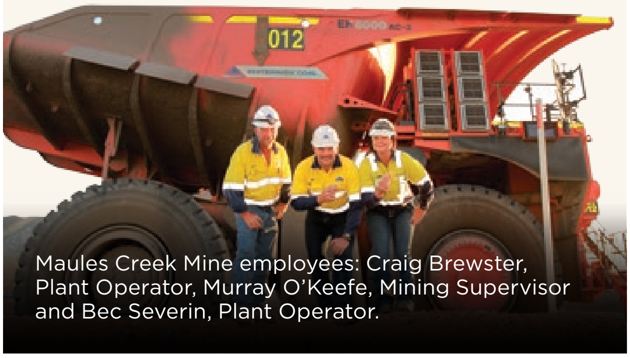
Whitehaven also holds health and safety forums for key contractors twice a year, with the most recent attended by 240 people.

CASE STUDY

Movember

For the third year in a row employees supported the Movember appeal, which supports activities related to tackling men's health issues.

Among the fundraising activities the team at Maules Creek donated **$2,359** to Movember this year, with the total raised now in excess of $10,000 over the past three years.



Maules Creek Mine employees: Craig Brewster, Plant Operator, Murray O'Keefe, Mining Supervisor and Bec Severin, Plant Operator.

Mines Rescue

For the fifth consecutive year the team at Narrabri took part in the Hunter Valley Mines Rescue Underground Competition. The team's fantastic results of second in 2015 (beaten by only ½ point) and winners in the First Aid component in 2016 reflect both the effort and importance the team members place on aspiring to be industry leaders in underground rescue.

The Hunter Valley Mines Rescue Competition is designed to help simulate underground emergencies so mines can practice rescue in real life emergency scenarios.

The competition covers scenarios such as First Aid, Search and Rescue, Breathing Apparatus and a theory paper on Mines Rescue's procedures and equipment. The competition also tests the teams' proficiency and ability to complete these scenarios under the critical eye of Mines Rescue personnel and accredited assessors.

The competition is not mandatory for Mines Rescue teams to attend, however Narrabri supports the initiative of the team to aspire to be industry leaders in underground mines rescue. Narrabri has firmed its support for the competition by electing to hold the Australian Titles at Narrabri in late 2017.

The Narrabri Coal Mines Rescue Team are sponsored by:

- Pirtek
- Impact Mining
- Cougar Mining
- Stripes Asset Services
- Continental Eagle
- Turner Signs & Embroidery
- Blackwoods
- Westrac
- BIS Industries
- Australian Drilling Systems
- Banksia Group

Safety Values

We believe that safe production is the only way

We believe that all incidents can be prevented

Working safely is a condition of employment

We want and need everyone's input to do business safely

People

Whitehaven Coal is focused on creating the conditions in which people can realise their potential and consistently deliver high performance. The company does this through a diverse workforce, inclusive culture, a dynamic and flexible work environment, advanced systems and a lean management structure to minimise costs and drive productivity.

Local Employment Focus

Sourcing the majority of the workforce, contractors and service providers from the local areas in which we operate, Whitehaven Coal understands the important role each mine plays in supporting regional Australia and the future of the resources sector.

Whitehaven Coal provides employment, training, apprenticeships and educational opportunities to support the advancement of individual careers during a time of significant change in energy demand, technology and legislation.

As the leading private sector employer in the North West NSW region, Whitehaven Coal's local employment focus is a key strategic pillar of the business. The company encourages employees to live locally and support the local communities in which the company operates, rather than promoting fly-in-fly-out principles.

As at 30 June 2017, Whitehaven Coal's overall workforce including contractors was nearly 1,500 people, of whom almost 1,000 are full time equivalent employees.

Apprenticeships and Vocational Training

Whitehaven Coal has run an apprenticeship program since 2011. Operated in conjunction with Hunter Valley Training Company (HVTC), Whitehaven has hosted 25 apprentices, and since late 2016 has 14 apprentices working with the company.

One of Whitehaven Coal's first year electrical apprentices, Georgia Foley, was recently awarded the Bert Evans Scholarship, which recognises a female apprentice in a non-traditional trade for women.

The ongoing commitment to offering apprenticeships and traineeships extends to vocational employment. This year, the company focused on raising awareness of its 2017/18 Vacation Employment Program. Primarily aimed at Mining, Electrical and Mechanical Engineers, the Program will run from December 2017 until March 2018. Whitehaven representatives visited university careers fairs in both NSW and QLD to discuss the Vacation Employment Program with students for the first time in FY17.

People Priorities

Whitehaven Coal's ongoing focus is to ensure it builds, supports and benefits from an increasingly diverse workforce that is reflective of the general population of the region in which we operate, whilst fostering and encouraging an inclusive workplace.

The benefit of longevity of having mine lives of 30 plus years provide the company with the platform to bring the opportunity for generational change in the North West region.

To further attract, support and retain a diverse population of valued employees, a number of initiatives were recently undertaken or are currently underway, including the following:

- A paid parental leave program was introduced, providing up to 18 weeks of paid parental leave for eligible employees
- A leadership development program was recently launched to invest in people managers across the business, and to provide coaching and support to women in senior roles
- Whitehaven commenced sponsorship of WIMnet NSW Mentoring Program which provides women in the mining industry with mentors from whom they can learn and receive career guidance and development. The company also offered some of its female employees the opportunity to participate as mentees in the program
- Investigations were undertaken to review the adequacy of childcare demands versus supply in the region. Although current needs appear to be met, a watching brief will be kept on this as both the company and the region grow.

Commitment and Values

Our commitment is to be:

- A leading producer of some of the world's highest quality coal
- A proud member of and leading employer in the North West NSW region
- A company that achieves Zero Harm to our people and our community
- A company that has locally-based employees wherever possible
- A provider of stable and secure employment opportunities for local Aboriginal people

CASE STUDY

One of Whitehaven Coal's first year electrical apprentices, Georgia Foley, was this year awarded the Bert Evans Scholarship which recognises a female apprentice in a non-traditional trade for women.

Pictured is Georgia with Whitehaven's Aron Cane, HVTC field officer Paul Briscoe and Tamworth MP Kevin Anderson. The scholarship awards $5000 each year for three years.

This year also saw Maules Creek employee Murray O'Keefe be awarded the Young Achiever Award at the 2017 NSW Mining Industry and Suppliers' Awards.

The Young Achiever Award recognises an inspirational young professional aged between 18–35 years who is building a successful career in mining. Murray, 29, joined Whitehaven's then under construction flagship open cut operation at Maules Creek in July 2014.

Whitehaven Coal CEO and Managing Director Paul Flynn said Murray is to be congratulated for his achievements not only as a dedicated and gifted mining employee, but as a great local role model for young people in Gunnedah.

"Murray is a great example of what young people can achieve if they set goals and work hard to achieve them", said Mr Flynn.

Pictured is Murray (centre) celebrating his award with Whitehaven's EGM Operations, Jamie Frankcombe (left), and Peter Wilkinson (right), General Manager Maules Creek.

To promote Whitehaven Coal's 2017/18 Vacation Employment Program, a team attended careers fairs around NSW and Queensland. Primarily aimed at Mining, Electrical and Mechanical Engineers, the program will run from December 2017 until March 2018.

To promote the program, some of the Whitehaven team attended career fairs at the University of Newcastle, University of NSW and University of Brisbane where students could find out more about the company, the program and future career prospects.

The core values of our business are:

- Safety in all our operations
- Continuous development and improvement
- Openness with customers and partners
- Social and environmental responsibility
- Operational excellence and sustainable growth
- Professionalism and integrity in everything we do
- Leadership in all areas

Diversity and Inclusion

Whitehaven Coal aims for an inclusive workplace that welcomes people from diverse backgrounds that reflect diversity of gender, culture, experience and skills. Our goal is that as the company continues to grow, the composition of the workforce should reflect the population in which we operate.

The company's Diversity Policy, which is reported in accordance with the requirements of the Workplace Gender Equality Act 2012 (Act), shows that Whitehaven Coal continues to make good progress on increasing female participation in our workforce.

Over the last year, female representation in the business has increased to 11%. A total of 12% of operational roles at Maules Creek are being carried out by females, reflecting an above industry average figure, while at the Whitehaven Board level, two of our six non-executive Directors are female.

Whitehaven's annual public report lodged with the Work place Gender Equality Agency can be accessed at **www.whitehavennews.com.au/gender-diversity**/

AT 30 JUNE 2017	FEMALE	%	MALE	%
Board	2	29%	5	71%
Senior Management	4	13%	33	87%
Other/Employees	99	11%	824	89%
Total	105	11%	862	89%

AT 30 JUNE 2016	FEMALE	%	MALE	%
Board	2	29%	5	71%
Senior Management	5	13%	34	87%
Other/Employees	82	10%	722	90%
Total	89	10%	761	90%

While the WGEA report specifically references gender diversity, Whitehaven has continued to make good progress across multiple elements of diversity and equality in our workforce over the last 12 months, as reflected by the following:

- Approximately 11% of Whitehaven's employees self-identify as Aboriginal and/or Torres Strait Islander
- More than 70 Indigenous employees at our Maules Creek mine
- Approximately $12 million in annual salaries flowing through our Indigenous workforce back into the local communities within which we operate
- Whitehaven's Indigenous employment program at Maules Creek was by the NSW Minerals Council as 'best in class' within the industry, and was included as a case study in the Prime Minister's Closing the Gap report for 2017
- The company continues to support programs that facilitate access to education, and assisting new and developing local Aboriginal and Torres Strait Islander businesses.

Paul Flynn, Whitehaven Coal Managing Director and CEO (centre), took part in a panel discussion to help launch a new EY report called 'Has mining discovered its next great resource?' in association with Women in Mining. The discussion was led by Tracey Waring, EY Global IFRS Mining and Metals Leader.

Performance Against Diversity and Inclusion Objectives

Each year the Board review and approve measurable diversity and inclusion objectives. Progress against these objectives for FY17 is summarised below.

Key area of focus include:

- Representation and participation
- Leadership development
- Community and industry
- Systems, processes and performance metrics

Diversity and Inclusion Objectives For FY17	Progress Over FY17
Representation and Participation: Increase representation of female and Aboriginal employees across the business	– Female representation in business increased to 11% – Females occupy 12% of operational roles at Maules Creek, Whitehaven's largest open cut mine site – Introduced paid parental leave for eligible employees – Aboriginal representation across company is 11% – More than 70 Indigenous employees at Maules Creek.
Leadership Development:	– Pilot leadership development program launched to support people managers and help female leaders transition into more senior roles – Design of a career path survey to investigate employee views on their ambitions and development, ready to launch in FY18 – Female employees offered mentee positions under WIMnet mentoring program to offer career guidance and development – Informal mentors provided to support new Aboriginal employees – Continuation of apprenticeship and cadet programs.
Community and Industry:	– Continue to meet targets and milestones set out in Reconciliation Action Plan 2015–2017 – The Executive team attended an on-site Aboriginal Cultural Awareness training program – Commenced sponsorship of WIMNet Mentor Program, providing mentoring opportunities to develop women in the mining industry – Continued recognition of women in the workplace through submissions to Women in Mining Awards – Continued sponsorship and development of female apprenticeships and promotion of female cadet work experience programs – Company continues to support programs facilitating access to education, and assisting new and developing local Aboriginal and Torres Strait Islander businesses.
Systems, Processes and Performance Metrics:	– Ongoing monitoring of data on number of female and Aboriginal applications, interviews and appointment statistics using e-recruitment system – All vacancies advertised on Our Mob, an Aboriginal careers website – Quarterly reporting on diversity performance metrics for each site – Monitor tenure data and collect exit interview data to gain understanding of reasons for employee turnover – All advertised vacancies state Whitehaven's commitment to increasing the number of women and Aboriginal people in workforce and welcomes applicants who reflect diversity of gender and culture – Monitoring pay equity as part of WGEA reporting and annual salary review, and identify areas needed to be addressed.

Going forward, the focus for FY18 will continue to be on these four key pillars outlined above to foster diversity and inclusion, by building upon initiatives introduced over FY17, and introducing new programs and processes. We are confident this will assist Whitehaven to continue on its path towards an increasingly productive, diverse and ultimately more successful workforce as it grows in future years.

Community

Whitehaven Coal recognise that creating social and economic value in the communities in which the company operates is critical for the success of our business.

Our focus is on programs that can deliver greatest long-term benefits to the local communities that host our operations. Engagement with local communities happens in a variety of ways. Whitehaven regularly reports activities to community consultative committees and through newsletters, media releases and advertising while feedback can be provided through a dedicated office in the Gunnedah central business district.

The company carries out formal consultations, carries out an annual community survey and holds community days including this year hosting a family day at the Maules Creek and Werris Creek mines along with numerous site visits by community and local interest groups.

The local community supports our approach. A survey carried out by Newgate Research revealed that 66% of people in Gunnedah support mining and Whitehaven Coal has the strongest reputation in the region among mining companies who have coal mines in the Gunnedah Basin.

Measuring Social and Business Value

Since 2013 Whitehaven Coal has contributed around $1 billion to the North West NSW region. This is made up of wages to employees, payment to councils for community projects, support for local businesses and suppliers and donations to community groups and organisations.

In FY2017 Whitehaven spent $237.7 million in the Gunnedah, Narrabri, Tamworth and Liverpool Plains regions. The company committed $3.5 million to local infrastructure and service upgrades last year and last year made 90 annual charitable grants, donations and sponsorships to community groups. This support focuses on programs supporting health, education, representative level Indigenous sport and whole of community benefit.

Each mine has a voluntary planning agreement with the relevant council. More than $13.4 million has been distributed to council projects through the Maules Creek Voluntary Planning Agreement, which has funded the Narrabri airport upgrade and improved water supply infrastructure at Baan Baa. Over the past three years, various Boggabri projects have received $800,000.

Among the major activities supported this year included the Narrabri Education Foundation, Boggabri Multi Purpose Centre, Narrabri Education Foundation, Narrabri, Gunnedah and and Quirindi Shows, North Narrabri, Boggabri Drovers Campfire, Boggabri Health, Winanga-Li Aboriginal Child and Family Centre in Narrabri, Girls Academy, Narrabri and Gunnedah Education Fund and a range of other community organisations.

$1BN

contributed to the North West NSW region in the last 5 years

66%

of Gunnedah residents support mining

$237.7M

spent in local region in the year has been distributed to council projects through the Maules Creek Voluntary Planning Agreement

Maules Creek Mine Open Day

Gunnedah

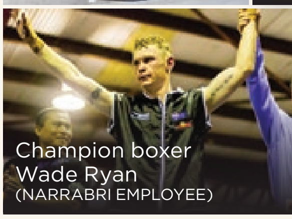



Narrabri

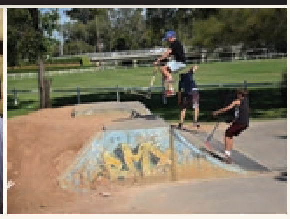




Australian champion Bareback Rider Dee Heinemann (NARRABRI EMPLOYEE)



Champion boxer Wade Ryan (NARRABRI EMPLOYEE)



Boggabri



Werris Creek



Aboriginal Engagement

In 2015, we began executing on the objectives set out in our first Reconciliation Action Plan (RAP). Our RAP operates across all areas of the business and contains practical and meaningful objectives to address issues affecting local Aboriginal and Torres Strait Islander people.

Since launching the inaugural RAP in September 2015, we have achieved the following:

- More than 80 Indigenous people employed at our Maules Creek mine
- Around 11% employees self-identify as Aboriginal and/or Torres Strait Islander people
- We estimate that approximately $12m in annual salaries are flowing through our Indigenous workforce back into local communities
- Pleasingly, our Indigenous employment program at Maules Creek was recognised by the NSW Minerals Council as 'best in class' within the industry and was included as a case study in the Prime Ministers Closing the Gap report for 2017.

Whitehaven's approach goes beyond direct employment. We support programs that facilitate access to education from kindergarten through to university and mature age.

These include:

- The Winanga-Li Aboriginal Child and Family Centre in Gunnedah, which was the first of nine Aboriginal Child and Family Centres to open its doors in NSW
- Our partnership with the Girls Academy, which will assist Gunnedah High School participants on a pathway to tertiary education and/or securing long-term employment.

Our commitment to assisting new and developing local Aboriginal and Torres Strait Islander businesses continues to progress and moving forward we are working with our major contracting companies and suppliers to encourage support for Aboriginal and Torres Strait Islander employment and business development within their spheres of influence.

Whitehaven's Aboriginal and Torres Strait Islander business procurement commitment was highlighted in case studies for the NSW Minerals Council, Aboriginal Affairs NSW (OCHRE Report), and the NSW Small Business Commission. Whitehaven continues to be represented on the NSW Industry Based Agreement for the Minerals Industry to actively promote Aboriginal and Torres Strait Islander business development. Whitehaven also participates in a Minerals Council Indigenous Relations Working Group.

11%

of Whitehaven's employees self-identify as Aboriginal and/or Torres Strait Islander people

$12 MILLION

in annual salaries are flowing through our Indigenous workforce back into local communities

'BEST IN CLASS'

Indigenous employment program at Maules Creek was recognised by the NSW Minerals Council

To continue progress, Whitehaven Coal will publish its next RAP document later this year, moving from an 'Innovate' to a 'Stretch' RAP.

NAIDOC Week

NAIDOC Week celebrations are held across Australia each July to celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. NAIDOC is celebrated not only in Indigenous communities, but by Australians from all walks of life. The week is a great opportunity to participate in a range of activities and to support your local Aboriginal and Torres Strait Islander community.

As per our Reconciliation Action Plan, each year Whitehaven Coal holds an on-site BBQ at an operating site with guest speaker/s from the local Aboriginal community to celebrate NAIDOC Week. Over the past two years on-site BBQs have been hosted at Narrabri (pictured) and Tarrawonga.

Environment

Whitehaven Coal is committed to safe, responsible and sustainable environmental management across all aspects of our operations.

Air Quality

Air emissions from Whitehaven's coal mines are tightly regulated. All coal mines have in place systems for monitoring and managing air quality, particularly dust from excavation and haul truck activity and emissions arising from the use of explosives.

Monitoring results are made available through each site's Community Consultative Committee and on our website.

Water

Each of our operations are guided by site-specific Water Management Plans.

In FY2017 Whitehaven's total water allocation across our operations was 9,804 megalitres. The total amount used was 3,649 megalitres – around a third of our available allocation.

Much of the water used by our operations is obtained from rainfall captured in dams at our sites and is used to assist mining activities, coal washing and dust suppression. Mine water cannot be released off site (except on certain regulated occasions at our Werris Creek operation). Sediment laden water is permitted to be released following certain rainfall events or under controlled release scenarios where the water quality complies with strict criteria.

Noise Management

The company is operating under stringent noise guidelines, set by the NSW Government. A number of sites utilise predictive meteorological systems to plan operations to minimise noise impacts.

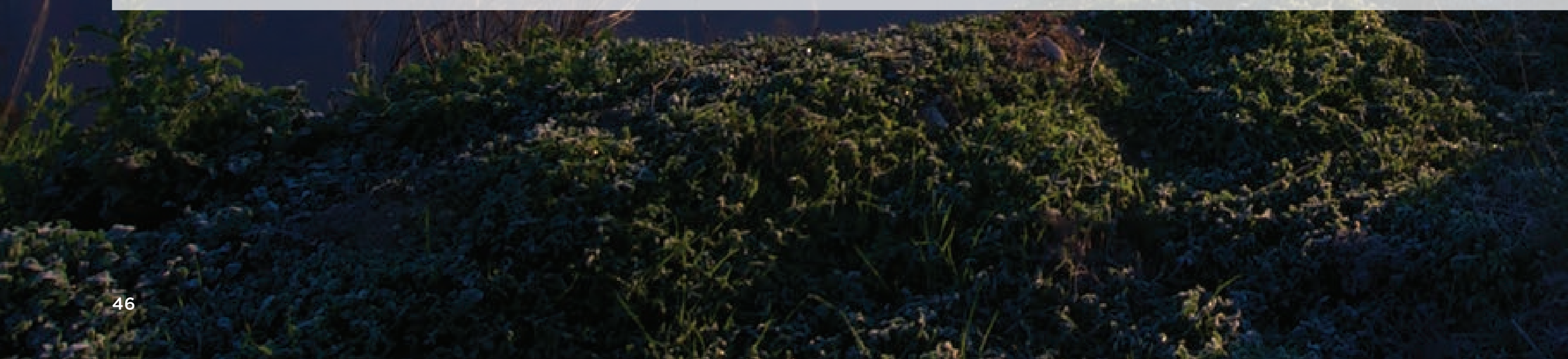
Real-time monitoring is in place to allow our site-based staff to undertake adaptive management to minimise noise impacts. The company also implements a range of other noise management measures such as sound attenuation on mining equipment.

Waste and Recycling

Whitehaven generates various types of waste during exploration, construction, operation and closure activities across its mining facilities.

Our strategy for mineral waste management includes segregation and placement of overburden and coal reject materials in waste emplacements which are designed to be safe, stable and non-polluting.

Wherever possible Whitehaven segregates recyclable materials and engages specialist contractors for collection and reprocessing.



We are mindful of the impact of our operations on the environment and surrounding communities and undergo extensive assessments for surface water, groundwater, flood impact, flora and fauna, Aboriginal cultural heritage, historical heritage, air quality, agriculture and geochemistry impacts.

As Whitehaven has grown as a business, we have worked to ensure the business maintains strong sustainability practices throughout every stage of the mining process, from prior to commencement, during operations until well after eventual close.

Each Whitehaven operation also implements rehabilitation plans, working to minimise potential impacts on the local environment and where appropriate returns mining areas to pre-mining vegetation communities such as pastoral, woodland and forest for future use.

An extensive library of resources are available on the Whitehaven Coal website including regulatory approvals, monitoring data, performance reviews and factsheets.

Management of Non-Mining Land

Most of the land we own and lease is not involved in mining activities. The majority is set aside as biodiversity offsets or is licensed to local farmers for productive agricultural activities. About two per cent, or less than 2,000 hectares of our land is involved in current mining activities or is being rehabilitated after mining.

Where industry activity intersects with agriculture, Whitehaven seeks to put land to productive use. Nearly 30,000 hectares of land are being used for agricultural purposes. This can include arrangements with previous managers of the land to continue grazing or cropping. This ensures non-mining land continues to contribute to a diverse local economy.

Biodiversity

Whitehaven has more than 20,000 hectares of land that are being managed as biodiversity offset areas. These areas are established conservation areas to offset impacts which cannot be avoided, managed or mitigated due to the nature of the coal resource.

These offset areas are based on guidance from independent experts and regulatory authorities to ensure they represent like-for-like, or better, biodiversity values than the area impacted by operations.

This years significant offset-related work has been undertaken:

- 668 hectares rehabilitated
- 160,000 trees planted in offset areas
- An additional 937 hectares of revegetation has been prepared
- 16.8 kilometres of new fencing installed
- 76 kilometres of old fencing removed
- 11,000 hectares sprayed for weed control.

Progressive Rehabilitation

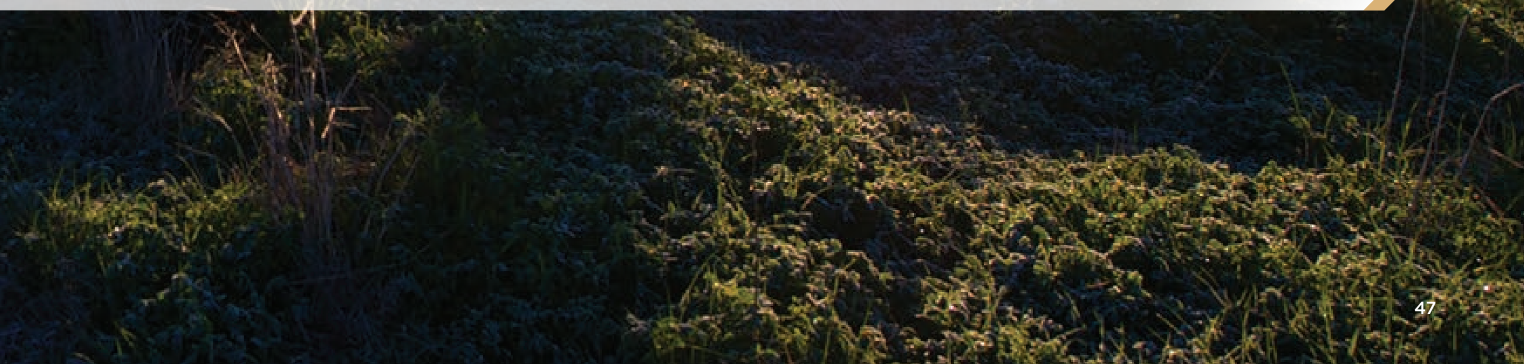
Whitehaven applies an integrated approach to land management to ensure responsible rehabilitation practices are reflected throughout every stage of the mining life cycle.

Where applicable, disturbed land is generally rehabilitated to align with pre-mining vegetation communities such as pasture, woodland and forest. Rehabilitation monitoring is conducted in accordance with each site's Mining Operations Plan and relevant management plans.

Closure Planning

Closure plans and financial provisions to execute these plans are developed and maintained for all of Whitehaven's sites. Closure planning plays an important role in the planning and development of Whitehaven's projects and operations to ensure that the legacy impacts of its operations are minimised.

A key component in the development and fulfilment of the company's closure plans is the consultation and engagement with key stakeholders to ensure that land is returned in a state that supports future opportunity and long-term benefit. Whitehaven's closure plans are subject to external review and approval.



Climate Change

At Whitehaven, we recognise that the production of coal and coal-fired generation are associated with greenhouse gas emissions, and we are aware of our responsibilities to help preserve the environment for current and future generations. As a major coal producer, we also recognise our responsibility to continue providing the energy people need.

The task we share with many others is to support, develop and introduce new coal-production and energy-generation technologies and working practices that will help to reduce environmental impact while continuing to meet global energy demands. We believe that the high energy, low ash product we produce will become an increasingly important source of the move to using higher quality coal for power generation.

The trend to new, more efficient coal fired generation in the Asia-Pacific region is critical to Australia's role as a key energy exporter, and high-quality Australian coal is ideally suited to help bring about a lower emissions future, today.

Whitehaven mines some of the best quality coal in the world, high in energy and low in ash, sulphur and other impurities. Our coal assists key customers, such as the Governments of Japan and Korea, reduce their carbon emissions by up to 30 per cent.

To assess how carbon policy and regulation will impact our business we closely monitor national and international climate and energy policy developments. We advocate for policies that are environmentally effective and economically efficient.

International Energy Agency Projections

The International Energy Agency (IEA) regularly makes projections about world coal demand based on various future scenarios for energy development. The scenarios used by the IEA as the bases for these projections vary by time and publication. Further details are available to the public directly from IEA, including through the IEA's website: **www.iea.org/publications/scenariosandprojections**

The "New Policies Scenario" is IEA's central scenario in its World Energy Outlook report (WEO). It incorporates policies and measures affecting energy markets that have already been adopted, as well as other relevant commitments and plans that have been announced by countries, including national pledges to reduce emissions and plans to phase-out fossil fuel subsidies, even if the measures to implement these commitments have yet to be identified or announced.

Different scenarios used by the IEA in its projections of energy demand have different implications for coal usage. Projected coal usage is highest in the "Current Policies Scenario" and lowest in the "450 Scenario." The Current Policies Scenario (previously called the "Reference Scenario") assumes no changes in policies from the mid-point of the year of publication, thus considering policies and measures that have already been formally enacted, but assuming that governments do not implement any commitments that have yet to be finalised by legislation and will not introduce any new policies affecting coal usage.

Finally, the 450 Scenario assumes implementation of a set of government policies consistent with a goal of limiting long-term increases in the average global temperature to two degree Celsius, a limit determined by various governments and non-governmental organisations and recognised by nations of the world in the 2010 United Nations Climate Change Conference in Cancun, Mexico.

Although the New Policies Scenario is the IEA's central scenario, the IEA does not endorse any particular scenario as being a more probable forecast than the others.

Section 5:

RESOURCES & RESERVES

Coal Resources August 2017

Tenement		Measured Resource (A)	Indicated Resource (B)	Measured + Indicated (A + B)	Inferred Resource (C)	Competent person	Report date
Maules Creek Opencut*	CL375 AUTH346 EL8072	220	400	620	30	1	Mar-17
Narrabri North Underground**	ML1609	180	190	370	–	2	Mar-17
Narrabri South Underground**	EL6243	30	150	180	140	3	Mar-16
Tarrawonga Opencut***	EL5967 ML1579 ML1685 ML1693	42	18	60	13	4	Mar-17
Tarrawonga Underground	EL5967 ML1579 ML1685 ML1693	10	15	25	14	4	Apr-14
Werris Creek Opencut	ML1563 ML1672	15	2	17	–	4	Mar-17
Rocglen Opencut	ML1620	5	4	9	–	4	Mar-17
Rocglen Underground	ML1620	–	3	3	1	4	Mar-15
Vickery Opencut	CL316 EL4699 EL5831 EL7407 EL8224 ML1464 ML1471	230	165	395	110	5	Jul-15
Vickery Underground		–	95	95	135	5	Jul-15
Gunnedah Opencut	ML1624 EL5183 CCL701	7	47	54	89	4	Jun-14
Gunnedah Underground	EL6450 EL6587	2	138	140	24	4	Jun-14
Bonshaw Opencut	EL7430	–	4	4	7	4	Jun-14
Ferndale Opencut	EL7430	103	135	238	134	6	Jan-13
Ferndale Underground	EL6861	–	–	–	73	6	Jan-13
Oaklands North Opencut	EPC862	110	260	370	580	4	Jun-14
Pearl Creek Opencut****		–	14	14	38	7	Nov-12
Total Coal Resources		**954**	**1640**	**2594**	**1388**		

1. Shaun Tamplin, 2. Charles Parbury, 3. Rick Walker, 4. Benjamin Thompson, 5. John Rogis, 6. Greg Jones, 7. Phill Sides

* Maules Creek Joint Venture - Whitehaven owns 75% share.

** Narrabri Joint Venture - Whitehaven owns 70% share.

*** Whitehaven owns 70% share of opencut resources within ML1579, ML1685 and ML1693. The total combined resource for Tarrawonga Mining Leases (ML1579, 1685 and 1693) and Exploration Licence (EL5967) is reported.

**** Dingo Joint Venture - Whitehaven owns 70% share.

\# The Coal Resources for active mining areas are current to the pit surface as at the report date.

Coal Reserves – August 2017

Tenement		Recoverable Reserves			Marketable Reserves			Competent Person	Report Date
		PROVED	PROBABLE	TOTAL	PROVED	PROBABLE	TOTAL		
Maules Creek Opencut*	CL375 AUTH346	190	310	500	175	265	440	1	Mar-17
Narrabri North Underground**	ML1609	69	55	124	67	53	120	2	Mar-17
Narrabri South Underground**	EL6243	–	94	94	–	75	75	3	Jul-14
Tarrawonga Opencut ***	EL5967 ML1579 ML1685 ML1693	30	11	41	25	9	34	1	Mar-17
Werris Creek Opencut	ML1563 ML1672	11	2	13	11	2	13	1	Mar-17
Rocglen Opencut	ML1620	1.8	0.6	2.4	1.4	0.5	1.9	1	Mar-17
Vickery Opencut	CL316 EL4699 EL7407	–	200	200	–	178	178	1	Mar-15
Total Coal Reserves		**302**	**673**	**974**	**280**	**582**	**862**		

1. Doug Sillar, 3. Michael Barker, 2. Graeme Rigg

* Maules Creek Joint Venture - Whitehaven owns 75% share.

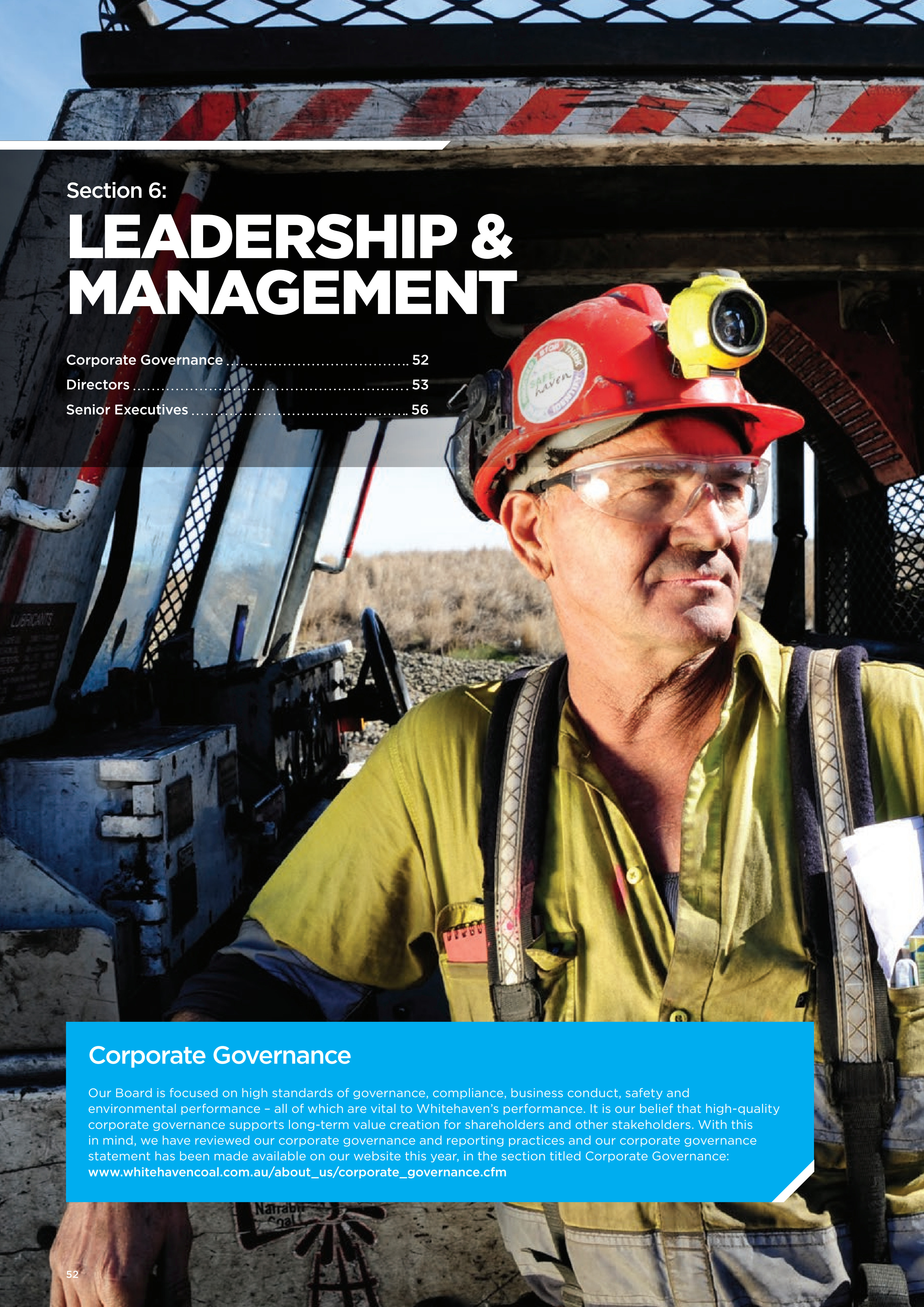
** Narrabri Joint Venture - Whitehaven owns 70% share.

*** Whitehaven owns 70% share of opencut reserves within ML1579, ML1685 and ML1693. The total combined reserve for Tarrawonga Mining Leases (ML1579, 1685 and 1693) and Exploration Licence (EL5967) is reported.

The Coal Reserves for active mining areas are current as at report date.

Coal Reserves are quoted as a subset of Coal Resources.

Marketable Reserves are based on geological modeling of the anticipated yield from Recoverable Reserves.



Section 6:

LEADERSHIP & MANAGEMENT

Corporate Governance

Our Board is focused on high standards of governance, compliance, business conduct, safety and environmental performance – all of which are vital to Whitehaven's performance. It is our belief that high-quality corporate governance supports long-term value creation for shareholders and other stakeholders. With this in mind, we have reviewed our corporate governance and reporting practices and our corporate governance statement has been made available on our website this year, in the section titled Corporate Governance: **www.whitehavencoal.com.au/about_us/corporate_governance.cfm**

Board of Directors

The Hon. Mark Vaile AO

Chairman and Non-executive Director

Appointed: 3 May 2012

As Deputy Prime Minister of Australia and Leader of the National Party from 2005 to 2007, Mark established an extensive network of contacts throughout Australia and East Asia. His focus at home was with regional Australia and particularly Northern NSW. As one of Australia's longest serving Trade Ministers from 1999 through until 2006, Mark led negotiations which resulted in Free Trade Agreements being concluded with the United States of America, Singapore and Thailand as well as launching negotiations with China, Japan and ASEAN. Importantly, early in his Ministerial career as the Minister for Transport and Regional Services, Mark was instrumental in the establishment of the ARTC which operates the Hunter Valley rail network.

Mark brings significant experience as a company director, having been Chairman of Aston Resources and CBD Energy Limited, and is currently an independent Director on the boards of Virgin Australia Limited and Servcorp Limited which are both listed on the ASX. Mark is also a Director of Stamford Land Corp which is listed on the Singapore Stock Exchange, a Director Trustee of HostPlus Superfund, Chairman of Palisade Regional Infrastructure Fund and Independent Director and Chairman of SmartTrans Limited.

John C Conde AO

BSc, BE (Electrical) (Hons), MBA (Dist)

Deputy Chairman and Non-executive Director

Appointed: 3 May 2007

John has over 30 years' of broad based commercial experience across a number of industries, including the energy sector, and was chairman of the company prior to the merger with Aston Resources. John is chairman of Bupa Australia and New Zealand, Cooper Energy Limited and The McGrath Foundation. He is also president of the Commonwealth Remuneration Tribunal and a non-executive director of the Dexus Property Group. He retired as chairman of the Sydney Symphony Orchestra in May 2015. He was previously chairman of Ausgrid (formerly Energy Australia) and Destination NSW. He was formerly chairman and managing director of Broadcast Investment Holdings, as well as a non-executive director of BHP Billiton Limited and Excel Coal Limited.

Dr Julie Beeby

BSc (Hons I), PhD (Physical Chemistry), MBA, FAICD

Non-executive Director

Appointed: 17 July 2015

Julie has more than 25 years' experience in the minerals and petroleum industries in Australia including major Australian and US resources companies and as Chief Executive Officer of WestSide Corporation, an ASX listed, Queensland-based coal seam gas company. Julie has technical, operations and strategy expertise and has held senior and executive positions in coal mining, mining services and coal seam gas after commencing her career in coal and mineral processing research.

Julie is currently the Chairman of the Queensland Electricity Transmission Corporation Limited, Powerlink Queensland, and non-executive director of OZ Minerals Limited. Julie has previously held non-executive director positions on the Boards of Gloucester Coal Limited, Forge Group Limited, CRC Mining, Queensland Resources Council and Australian Coal Research.

Board of Directors *continued*

Paul Flynn

BComm, FCA

Managing Director

Appointed: 25 March 2013

Previously Non-executive Director

Appointed: 3 May 2012

Paul has extensive experience in the mining, infrastructure, construction and energy sectors gained through 20 years as a professional advisor at Ernst & Young. Paul was formerly Chief Executive Officer and Managing Director of the Tinkler Group and was instrumental in the merger of Whitehaven Coal with Aston Resources. Paul joined the Board of Whitehaven on 3 May 2012 and assumed the role of Managing Director and CEO on 27 March 2013. As a partner for over eight years, Paul was the managing partner of Ernst & Young's Sydney office and a member of its Oceania executive team.

Paul managed many of the firm's largest mining and energy clients across Australia, Asia, South and North America. Paul has also fulfilled various leadership roles with large corporations on secondment including as the CFO of a top 50 listed company.

Tony Haggarty

MComm, FAICD, CPA

Non-executive Director from 25 March 2013

Previously Managing Director to 24 March 2013

Appointed: 3 May 2007

Tony has over 30 years' experience in the development, management and financing of mining companies, and was co-founder and Managing Director of Excel Coal Limited from 1993 to 2006. Prior to this, Tony worked for BP Coal and BP Finance in Sydney and London, and for Agipcoal as the Managing Director of its Australian subsidiary. Tony was appointed to the Board of Whitehaven on 3 May 2007 and was appointed Managing Director on 17 October 2008 until 27 March 2013.

Christine McLoughlin

BA, LLB (Honours), FAICD

Non-executive Director

Appointed: 3 May 2012

Christine has more than 25 years' experience working in diverse and highly regulated sectors in Australia, UK and South East Asian markets. Christine has expertise in strategy, risk, stakeholder engagement and human resources in industries including financial services, telecommunications, health and nuclear science. Christine is currently a Director of Suncorp Group Limited, nib holdings ltd, Spark Infrastructure Group and Chairman of Venues NSW. She was formerly Chairman of the Australian Payments Council and a former Director of the Australian Nuclear Science & Technology Organisation (ANSTO), the Victorian Transport Accident Commission and Westpac insurance companies in Australia and New Zealand.

Raymond Zage
BSc Finance

Non-executive Director

Appointed: 27 August 2013

Raymond is the Managing Director and Chief Executive Officer of Farallon Capital Asia, which is responsible for investing capital in Asia on behalf of Farallon Capital Management, one of the largest alternative asset managers in the world. Raymond has been involved in investments throughout Asia in various industries including financial services, infrastructure, manufacturing, energy and real estate. Previously, Raymond was in the investment banking division of Goldman, Sachs & Co. in Singapore, New York and Los Angeles.

The Whitehaven Coal Board of Directors (not pictured Raymond Zage).

Senior Executives

Paul Flynn

Managing Director and Chief Executive Officer

Refer to details set out on page 54.

Kevin Ball

BComm, CA

Chief Financial Officer

Appointed as Chief Financial Officer of Whitehaven Coal in October 2013, Kevin Ball has over 25 years' experience working in the mineral and energy industry across coal, oil and gas and in complex consulting practices.

A finance graduate of the University of New South Wales, Kevin is a Chartered Accountant having spent 11 years with Ernst & Young at the commencement of his career predominantly in EY's natural resources group and has a graduate Diploma in Geoscience (Mineral Economics) from Macquarie University.

Timothy Burt

B.Ec, LLB (Hons) LLM

General Counsel and Company Secretary

Timothy joined Whitehaven as General Counsel and Company Secretary in July 2009. He has over 20 years' ASX Listed company legal, secretarial and governance experience across a range of industries. Prior to joining Whitehaven, Timothy held senior roles at ASX listed companies Boral Limited, UGL Limited and Australian National Industries Limited. He holds a Master of Laws from the University of Sydney.

Brian Cole

BE (Civil-H1), M Eng Science, MBA, Fellow IE Aust, C P Eng., M AIMM

Executive General Manager – Project Delivery

Brian has more than 35 years' experience in heavy engineering projects and operations at an executive level in the energy related sector, and has been focused on the Maules Creek project and other brownfields capital projects within the Whitehaven portfolio. Most recently Brian managed the construction of the three stages of the third coal terminal in Newcastle for NCIG with a combined capital cost circa $2.8 billion. Brian was appointed Executive General Manager – Project Delivery in June 2012.

Jamie Frankcombe

BE (Mining), MBA (Technology)

Executive General Manager – Operations

Jamie was appointed Executive General Manager – Operations in February 2013. Jamie was previously Director Operations at Fortescue Metals Group Ltd. Prior to that he has had extensive senior experience in coal mine operations and development including as the Chief Operating Officer of PT Adaro Indonesia, Executive General Manager – Americas for Xstrata Coal and General Manager Operations for Xstrata Coal's Hunter Valley open cut operations.

Jamie holds a Bachelor of Engineering (Mining) from Wollongong University and a Master of Business Administration (Technology) from APESMA Deakin University. Additionally he holds First Class Certificate of Competency qualifications for both the NSW and Queensland coal industry.

Scott Knights

BEcons (Hons)

Executive General Manager – Marketing and Logistics

Scott was appointed Executive General Manager – Marketing in August 2014. Prior to joining Whitehaven he was Vice President Sales, Marketing and Logistics for Peabody Energy Australia. Scott has over 25 years' experience in a wide range of commercial roles including marketing, sales, logistics, management and business strategy in the commodities sector, working for Peabody Energy, Rio Tinto, PwC and Renison Goldfields Consolidated.

Section 7:

FINANCIAL REPORT

Directors' Report

For the year ended 30 June 2017

The Directors present their report together with the consolidated financial report of Whitehaven Coal Limited ('the Company' or 'Whitehaven'), being the Company, its subsidiaries, and the Group's interest in joint operations for the year ended 30 June 2017 and the auditor's report thereon.

1. Principal activities

The principal activity of Whitehaven Coal Limited and its controlled entities (the 'Group') during the period was the development and operation of coal mines in New South Wales.

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

2. Directors and Executives

2a. Directors

See pages 53 to 55.

2b. Senior Executives

See pages 56 to 57.

2c. Directors' interests

The relevant interest of each director in the shares and options issued by the Company, as notified by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares
Mark Vaile	2,043,132
John Conde	888,620
Julie Beeby	55,000
Paul Flynn[1]	383,792
Tony Haggarty	11,934,485
Christine McLoughlin	75,000
Raymond Zage	–

1 Mr Flynn held 1,822,081 options issued by the Company as at the date of this report.

Directors' Report *(cont.)*

2d. Directors' meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Directors' Meetings		Audit & Risk Management Committee Meetings		Remuneration Committee Meetings		Health, Safety, Environment & Community Committee Meetings		Governance & Nominations Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
Mark Vaile	11	11	6	6	5	5	–	–	1	1
John Conde	11	11	6	6	5	5	–	–	1	1
Julie Beeby	11	11	–	–	–	–	4	4	–	–
Paul Flynn	11	11	–	–	–	–	–	–	–	–
Tony Haggarty	11	11	6	5	–	–	4	4	–	–
Christine McLoughlin	11	11	–	–	5	5	4	4	1	1
Raymond Zage	11	11	–	–	–	–	–	–	–	–

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

B Number of meetings attended.

3. Other

3a. Dividends

Paid during the year

During the year the Company did not pay any dividends.

Declared after end of year

The directors have not declared a dividend in respect of FY2017. However, the subsequent events note sets out details of a proposed distribution to shareholders which will be subject to approval by shareholders at the Company's AGM on 25 October 2017.

3b. Share options

Shares issued on exercise of options

During the reporting period no options have been exercised.

Unissued shares under options

At the date of this report there were 5,440,707 unissued ordinary shares of the Company under options. Refer to note 5.5 of the financial statements for further details of the options outstanding.

3c. Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify, to the fullest extent permitted by law, all current and former directors of the Company against liabilities that may arise from their position as directors of the Company and its controlled entities. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts. Such insurance contracts insure persons who are or have been directors or officers of the Company or its controlled entities against certain liabilities (subject to certain exclusions).

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

3d. Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

3e. Rounding

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and dated 24 March 2016 and, in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

4. Operating and financial review

Financial headlines

- Net profit after tax ("NPAT") increased to $405.4m.
- Operating EBITDA before significant items increased by 219% to $714.2m.
- Cash generated from operations increased by 143% to $655.3m.
- Net debt of $311.1m at 30 June 2017 and gearing reduced to 9%.

The following table summarises the key reconciling items between the Group's operating EBITDA before significant items and its statutory profit.

WHITEHAVEN COAL LIMITED – CONSOLIDATED	FY2017 $ MILLION	FY2016 $ MILLION
Revenue	1,773.2	1,164.4
Net profit before significant items	**367.2**	**20.5**
Significant items after tax (refer to note 2.2 in the financial statements)	38.2	–
Net profit after tax	**405.4**	20.5
Operating EBITDA before significant items	**714.2**	**224.1**
Significant items before tax and financing (refer to note 2.2 in the financial statements)	(55.0)	–
Net interest expense (refer to note 5.2 in the financial statements)	(42.1)	(56.9)
Other financial expenses	(7.9)	(9.1)
Depreciation and amortisation	(133.9)	(130.4)
Gain on asset disposals	0.1	–
Profit before tax	475.4	27.7

The 30 June 2017 NPAT includes the impact of the following two significant items (refer to note 2.2 in the financial statements):

- A $55.0m impairment charge in relation to early stage exploration assets.
- Recognition of additional deferred tax assets in respect of previously unrecognised income tax losses of $76.7m.

The recognition of these items has the effect of increasing the NPAT by $38.2m. There were no significant items recognised in FY2016.

Review of financial performance

FY2017 NPAT before significant items of $367.2m represents an increase of $346.7m compared to $20.5m in FY2016. The significant turn-around in the FY2017 result was driven by a strong operating performance coupled with improved coal prices with FY2017 EBITDA before significant items of $714.2m reflecting an increase of $490.1m (219%) compared to $224.1m in FY2016.

EBITDA before significant items was underpinned by EBITDA margins improving to $46/t in FY2017 from $14/t in FY2016. The improved EBITDA margin performance reflects increased coal prices during the year, an increase in metallurgical coal sales volumes as a proportion of total sales volumes and the enduring benefit associated with the sustainable cost reductions achieved in recent years.

The key factors that contributed to the FY2017 NPAT before significant items result for the year include:

- Strong safety performance.
- Gross revenue increased to $1,773.2m in FY2017 from $1,164.4m in FY2016. The increase was driven by the A$37/t increase in A$ realised prices to average A$112/t in FY2017 from A$75/t in FY2016 and by an increase in sales volumes to 15.8Mt in FY2017 from 15.5Mt in FY2016.
- The key drivers of A$ realised prices during the period were:
  - The Newcastle GlobalCoal Index price averaged US$81/t for high-quality thermal coal in FY2017, US$28/t above the average of US$53/t recorded in FY2016.
  - The Group realised an average price of US$102/t in FY2017 for its sales of metallurgical coal products. The realised price reflects a combination of quarterly benchmark linked and index based contracts.
  - The high-quality of thermal coal from the Maules Creek mine which typically achieved both quality and energy premiums relative to the Newcastle GlobalCoal Index price during the period. Thermal coal sales from Narrabri, Rocglen and Tarrawonga broadly received the Index price during the year.
  - An increase in the proportion of metallurgical coal sales from 15% in FY2016 to 21% in FY2017 was underpinned by increased production of metallurgical coal at Maules Creek.
  - A strengthened currency partially offset some of the benefits of improved prices – the A$ increased to average 0.75 in FY2017 from an average of 0.73 in FY2016
  - The increase in prices for both thermal and metallurgical coal during FY2017 reflected the return of the market to supply/demand balance following production cuts in a number of key coal producing countries namely China, Indonesia, the USA and Australia.
- FOB costs per tonne of A$58/t in FY2017 remain in the best cost quartile. While FOB costs per tonne have increased by $2/t from A$56/t in FY2016, this is largely due to the cost of producing increased metallurgical coal tonnages, the costs incurred to recover production that was lost due to wet weather in the September 2016 quarter and due to changes in the composition of the sales mix.
- Increased production from Maules Creek continues to increase the resilience of Whitehaven's portfolio both from

Directors' Report *(cont.)*

a volume and quality perspective and helps to reduce the impact of Narrabri longwall change-outs while supporting further improvement in the utilisation of contracted rail and port capacity. Gunnedah open cuts delivered a record result at historically low operating costs.

- Selling and distribution costs reflect the benefits of larger scale operations, and utilisation of contracted infrastructure capacities.
- Administration costs were lower than the prior period.

Whitehaven's investment in the development of Maules Creek at the bottom of the coal price cycle, the ramp up of Narrabri underground and the productivity improvements exhibited at the Gunnedah open cuts have provided a solid platform for the business and ensured that the Group continues to be well positioned to capitalise on an improved environment for thermal and metallurgical coal. Maules Creek delivered production in the second half of FY2017 at an annualised run rate of 10.5Mt with best quartile costs and a premium product delivering significant premiums to the prevailing thermal prices. This is reflected in the significant contribution that Maules Creek has made to Whitehaven's FY2017 EBITDA.

Whitehaven has a policy to maintain a strong capital base so as to maintain investor, creditor and debt market confidence and to ensure that the business is well positioned to support attractive future growth opportunities.

Cash flows and capital management

	FY2017	FY2016
	$ MILLION	$ MILLION
CASH FLOW SUMMARY		
Operating cash flows	607.6	171.9
Investing cash flows	(93.7)	(93.1)
Net free cash flow	**513.9**	**78.8**
Financing cash flows	(528.3)	(79.8)
Cash at the beginning of the period	**101.5**	**102.4**
Cash at the end of the period	**87.1**	**101.5**

	30 June 2017	30 June 2016
	$ MILLION	$ MILLION
CAPITAL MANAGEMENT		
Net debt	311.1	839.3
Undrawn syndicated facility	775.0	365.0
Gearing ratio[1] (%)	9%	23%
Leverage[2] (times)	0.4	3.8

1 Net Debt/(Net Debt plus Equity).

2 Net Debt/ EBITDA before significant items.

Cash flow and capital management commentary

Operating cash flows of $607.6m in FY2017 increased by 254% compared to FY2016. The increase reflects both the resilience of the coal price recovery, which has seen both thermal and metallurgical coal prices being maintained at constructive levels, and excellent operational performance. Costs for FY2017 were within the best cost quartile of the industry cost curve.

The strength of the operating cash flow performance has also been underpinned by the increasing scale that Maules Creek brings to the Whitehaven portfolio. Interest payments were lower as drawn debt was reduced to $398.3m at 30 June 2017 from $940.8m at 30 June 2016, while investments in working capital occurred in FY2017 predominantly due to the increased sales prices in trade receivables balances.

Investing cash outflows of $93.7m in the year ended 30 June 2017 are consistent with FY2016. Growth capital has been allocated toward procuring the Narrabri 400 metre face, completing remaining Maules Creek project related items, main road development at Narrabri and expenditure to progress the Environmental Impact Statement (EIS) required for Government approval for an expanded Vickery mine (10Mtpa). Throughout the cycle Whitehaven has continued to allocate sustaining capital at each of its mines to maintain safe and productive operations.

Whitehaven's liquidity position strengthened considerably during FY2017. There was $87.1m in cash and $775.0m in undrawn facilities available at 30 June 2017. Net debt of $311.1m at 30 June 2017 was a reduction of $528.2m from 30 June 2016. Whitehaven remains well within the target range on all its key capital management metrics.

As a result of the strength of Whitehaven's balance sheet, its scale of operations, and its improved earnings and cash flow generation, Whitehaven is well placed to expand its operations from its existing portfolio of opportunities or to take advantage of external growth opportunities that may arise.

Consolidated equity production, sales and coal stocks

WHITEHAVEN TOTAL (000t)	FY2017	FY2016	Movement
ROM Coal Production	**17,718**	15,760	12%
Saleable Coal Production	**15,769**	15,072	5%
Sales of Produced Coal	**15,487**	15,432	0.4%
Sales of Purchased Coal	**328**	79	–
Total Coal Sales	**15,815**	15,511	2%
Coal Stocks at Year End	**2,371**	1,307	81%

Significant highlights for FY2017 include:

- ROM and saleable coal production for the year were 12% and 5% higher respectively than the prior corresponding period ("pcp").
- Coal sales of 15.8Mt were 2% higher than the pcp.
- Sales of metallurgical coal continued to grow and represented 21% of total sales for the year.
- Maules Creek delivered production in the second half FY2017 at an annualised run rate of 10.5Mt with best quartile costs.
- The high-quality thermal coal from the Maules Creek mine continues to be highly valued by customers and typically achieved quality and energy premiums relative to the Newcastle GlobalCoal Index price.
- Metallurgical coal quality from Maules Creek has exceeded early expectations and continues to attract high levels of customer interest.
- At Narrabri, the installation of the first 400 metre wide panel was completed on schedule and below budget with longwall mining commencing in April.
- Full year ROM coal production records were set at Tarrawonga and Rocglen 2.7Mt and 1.6Mt respectively.

The Group's total workforce including contractors was approximately 1,500 people at the end of June 2017, making Whitehaven Coal the largest private sector employer in the north-west NSW region. Employee and contractor numbers have grown from the beginning of the year as Maules Creek continued to ramp up production.

Review of operations – safety

Providing a safe working environment for employees is critical at Whitehaven Coal and is key to the Group's improving financial performance. Whitehaven Coal provides training, equipment, resources and systems to create the safest possible work environment at each site. Building a culture of safety awareness is the foundation for continuous improvement to exceed targets and to exceed industry averages.

As part of the Company's Health and Safety Policy, Whitehaven Coal aims to:

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

2017 Performance

Safety performance continued to improve during the year. Whitehaven's Total Recordable Injury Frequency Rate (TRIFR) of 7.4 recordable injuries per million hours at the end of June fell from 10.6 at June 2016.

Whitehaven's TRIFR is well below the NSW coal mining average of 14.7.

Directors' Report *(cont.)*

Maules Creek

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

MAULES CREEK 100% (000t)	FY2017	FY2016	Movement
ROM Coal Production	9,729	7,826	24%
Saleable Coal Production	8,986	7,384	22%
Sales of Produced Coal	8,879	7,421	20%
Coal Stocks at Year End	636	609	4%

The ramp up of ROM coal production at Maules Creek continues on schedule with production reaching an annualised rate of 10.5Mt in the second half of FY2017. Production for the full year was at the upper end of guidance, despite the slow start to the year brought about by unusually heavy rainfall in the September quarter.

The next step in the ramp up of Maules Creek production is expected to occur early in FY2019.

Maules Creek has continued its track record of consistently delivering high-quality thermal coal. Maules Creek thermal coal is one of the highest quality coals sold into the Asian seaborne market and continues to gain increased penetration with both existing and new customers, many of whom are seeking to utilise this high energy, low ash coal in new High Energy Low Emission ('HELE') technology power stations.

Sales of metallurgical coal represented 26% of sales in FY2017, an increase compared to 14% in FY2016. Whitehaven is steadily executing term contracts with customers for the purchase of semi soft coking coal. Coal testing programmes are demonstrating the value in use of this low ash, low sulphur and high-quality semi soft coking coal. Customer interest is expected to increase further as mining progresses to the lower seams of the Maules Creek deposit as these seams exhibit even better coking characteristics than the coal produced in the preceding two years of commercial activity.

Production guidance for FY2018 is in the range of 10.3Mt and 10.6Mt ROM coal.

Narrabri

Ownership: Whitehaven 70% and Operator; J-Power 7.5%; EDF Trading 7.5%; Upper Horn Investments Limited 7.5%; Daewoo International Corporation and Korea Resources Corporation 7.5%.

NARRABRI MINE 100% (000t)	FY2017	FY2016	Movement
ROM Coal Production	7,267	6,888	6%
Saleable Coal Production	6,987	7,269	(4%)
Sales of Produced Coal	6,823	7,532	(9%)
Coal Stocks at Year End	318	135	136%

Narrabri ROM coal production was 7.3Mt in FY2017, placing the mine as one of the most productive underground mines in Australia. Narrabri experienced some geotechnical issues in the December quarter which adversely impacted production for the year and led to a modest underperformance relative to the guidance target for the year.

An important milestone was achieved in FY2017 with the installation of the 400 metre wide longwall face which was completed on schedule and below budget. After some debottlenecking, the new longwall equipment and associated infrastructure is now operating as expected with regular 200,000 tonne production weeks achieved.

Roadway development for the next panel remains on schedule for commencement of longwall mining in panel LW108 in the first half of CY2018.

Production guidance for FY2018 is in the range of 8.0Mt to 8.4Mt ROM coal. In the following two years (FY2019 and FY2020), production will be lower as the displacement caused by a fault mined through in earlier longwall panels has increased. At this stage the plan in FY2019 and FY2020 is to step the longwall around the fault, rather than attempt to mine through the fault zone due to the risk of damage and delay.

Open Cut Mines (excluding the Maules Creek Mine)

Ownership: Werris Creek Whitehaven 100%; Rocglen Whitehaven 100%; Tarrawonga Whitehaven 70% and Operator and Idemitsu 30%.

OPEN CUTS 100% (000t)	FY2017	FY2016	Movement
ROM Coal Production	6,142	5,791	6%
Saleable Coal Production	4,811	5,038	(5%)
Sales of Produced Coal	4,616	5,095	(9%)
Coal Stocks at Year End	1,886	901	109%

The Gunnedah open cut mines produced a record 6.1Mt ROM coal production in FY2017. This included 2.1Mt in the final quarter of the year. The increased production was due to a concerted effort by these operations to compensate for the adverse impact on production associated with the wet weather in the September quarter and the geotechnical issues experienced at Narrabri in the December quarter.

The strong finish to the year has resulted in an increase in ROM coal stocks at all mines. These stocks will be processed and sold during the first half of FY2018. Cost reductions have been achieved at all operations during FY2017.

Rocglen and the Gunnedah CHPP have both achieved another milestone of being three years free of injuries.

Production guidance for FY2018 is in the range of 5.0Mt and 5.4Mt ROM coal.

Vickery

Ownership: Whitehaven 100%.

Work progressed on the various studies to produce the Environmental Impact Statement (EIS) required for Government approval for an expanded Vickery mine (10Mtpa). Drafting of the EIS document and supporting documents is nearing completion. Submission of the completed EIS to the Department of Planning and Infrastructure is expected within the September quarter of CY2017. Discussions with numerous interested parties regarding the formation of a joint venture will commence following the lodgement of the EIS.

Timing for construction commencement of the Vickery project remains market dependent, but will likely occur once Maules Creek has been fully ramped up to its 13Mtpa capacity.

Exploration projects

Whitehaven has several exploration and potential development projects in Queensland and New South Wales. These are early stage exploration projects. A decision was taken to record an impairment charge for these early stage projects in FY2017 because of the change in timeframe for their likely development.

In the current market environment the Company is focused on maintaining the tenements in good standing but is limiting its spending on those projects.

Infrastructure

Rail Track

For commentary, see page 31.

Rail Haulage

For commentary, see page 31.

Port Capacity

For commentary, see page 31.

Events subsequent to reporting date

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than the following:

Subsequent to the end of the financial period, the Group refinanced its A$1.2 billion Senior Secured Bank Facility in August 2017 provided by a syndicate of Australian and international banks. The new facility is comprised of a $1.0 billion drawable revolver and a $0.2 billion guarantee facility. The new facility's A$1.0 billion drawable line of credit is for general corporate purposes and has a maturity of July 2021.

Subsequent to the end of the financial period, the Group repaid a further $100 million of debt drawn under the senior bank facility.

Subsequent to the end of the financial period, the Directors have proposed a 20 cent per share distribution to shareholders, which is expected to comprise a 14 cent capital return and a 6 cent unfranked dividend. Whitehaven is seeking a class ruling from the ATO in relation to the proposed distribution. The proposed capital return component is subject to receiving shareholder approval at Whitehaven's Annual General Meeting (AGM) in October 2017 and, if approved by shareholders, will be paid in November 2017 along with the related unfranked dividend. Further details will be provided in the Notice of Meeting for the AGM.

Directors' Report *(cont.)*

Outlook and likely developments

Operations

Saleable coal production guidance for FY2018 is in the range of 22Mt to 23Mt, higher than FY2017 as Maules Creek is expected to produce ROM coal at an annualised rate of 10.5Mt for the full year and ROM production from Narrabri is also expected to increase. The next ramp up step for Maules Creek is scheduled to commence early in FY2019. ROM production from Narrabri in FY2018 is expected be higher than FY2017 following the installation of the wider longwall face and the requirement for only one longwall change-out. ROM coal production for the Gunnedah open cuts is expected to return to a level more in line with historical run rates.

Maules Creek and Narrabri are tier one assets with long mine lives and industry leading low cost structures. There are opportunities to increase production at both mines in the near and medium term, while prospects also exist for life of mine extensions. These mines are now firmly established as key pillars underpinning Whitehaven's future success.

Demand

Whitehaven's high-quality, clean coals continue to attract strong demand from a growing customer base in over ten countries. Whitehaven has attracted a number of new customers during FY2017 in countries such as China and Vietnam for semi soft coking coal and Malaysia for thermal coal.

Recent analysis by CRU, a respected industry consultant, indicates that demand for seaborne thermal coal will continue to grow steadily over the next five years. The growth profile incorporates declining imports by China, modest import growth by India and strong import growth from a number of developing South East Asian countries.

Pricing

Coal demand remains strong especially in Asia and is responsible for the improvement in prices for both metallurgical and thermal coal in recent weeks. The demand for thermal coal in China increased as hot weather and reduced hydro availability increased the coal burn in thermal power stations. Imports of thermal coal into the country have been higher than anticipated, and when combined with weather related constraints on supply from Indonesia and some production issues in Australia, have pushed up the price of seaborne thermal coal in the past two months. While most of these issues are likely to be resolved in coming months, the confluence of events has provided a good platform for the thermal coal price as FY2018 unfolds. In the longer term, as a number of Asian countries continue to deploy new HELE power stations the demand for high-quality thermal coal will continue to grow strongly.

Following a six month period of extreme price volatility in spot metallurgical coal prices after the Queensland cyclone, metallurgical coal prices are now stabilising. The price remains well supported by strong steel production in China and a number of other countries. One area of uncertainty is the pricing mechanism for metallurgical coal types. The drawn out negotiations to settle quarterly benchmark prices for the June quarter and subsequent changes to the quarterly benchmark pricing methodology are likely to result in closer correlation between quarterly benchmark and spot index prices.

Risks relating to Whitehaven's future prospects

Whitehaven operates in the coal sector. There are many factors, both specific to Whitehaven and to the coal industry in general, which may, either individually or in combination, affect the future operating and financial performance of the Group, its prospects and/or the value of Whitehaven. Many of the circumstances giving rise to these risks are beyond the control of the Whitehaven Directors and its management. The major risks believed to be associated with investment in Whitehaven are as follows:

Market risks

The Company's future financial performance will be impacted by future coal prices and foreign exchange rates.

The factors which affect coal prices and demand include the outcome of future sales contract negotiations, general economic activity, industrial production levels, changes in foreign exchange rates, changes in energy demand and demand for steel, changes in the supply of seaborne coal, changes in international freight rates or other transportation infrastructure and costs, the cost of other commodities and substitutes for coal, market changes in coal quality requirements and government regulation which restricts the use of coal, imposes taxation on the resources industry or otherwise affects the likely volume of sales or pricing of coal.

Sales made under export contracts are denominated in US dollars. The Company uses forward exchange contracts (FECs) to hedge some of its currency risk in line with its hedging policy.

Operating risks

The Company's coal mining operations are subject to operating risks that could result in decreased coal production which could reduce its revenues. Operational difficulties may impact the amount of coal produced at its coal mines, delay coal deliveries or increase the cost of mining for varying lengths of time. Such difficulties include (but are not limited to) weather (including flooding) and natural disasters, unexpected maintenance or technical problems, failure of key equipment, depletion of the Company's Reserves, increased or unexpected reclamation costs and interruptions due to transportation delays.

Geology risks

Resource and Reserve estimates are stated to the JORC Code and are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates, including that coal mined may be of a different quality, tonnage or strip ratio from those in the estimates.

Development risks

There is a risk that circumstances (including unforeseen circumstances) may cause delays to project development, exploration milestones or other operating factors, resulting in the receipt of revenue at a date later than expected. Additionally, the construction of new projects/expansion by the Company may exceed the currently envisaged timeframe or cost for a variety of reasons outside of the control of the Company.

5. Auditor independence and non-audit services

5a. Auditor's independence declaration

The auditor's independence declaration forms part of the Directors' report for financial year ended 30 June 2017. It is set out on page 88.

5b. Non-audit services

During the year Ernst & Young, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, Ernst & Young, and their related practices for non-audit services provided during the year are set out below.

IN AUD	Consolidated 2017 $	Consolidated 2016 $
Non-audit services		
Ernst & Young		
Taxation services	20,000	42,712
Other non-audit services	66,100	99,500
Review of National Greenhouse Energy Reporting Act requirements	56,451	11,068
	142,551	**153,280**

Remuneration Report

(Audited)

Dear Shareholder,

We present our Remuneration Report for the financial year ended 30 June 2017 **(FY2017)**. The report explains our remuneration arrangements.

The Board continues to apply a fair and responsible executive remuneration framework which operates effectively to appropriately incentivise and reward senior executives to execute our strategy while being aligned with shareholder interests. Our strategy has been to build a portfolio of assets that operates in the best quartile of the coal cost curve and to develop and operate that portfolio of assets in a safe and sustainable manner. The Board believes that the current framework has been effective.

At the 2016 Annual General Meeting (AGM), shareholders voted 99.54% in favour of our Remuneration Report.

Whitehaven Coal's performance in FY2017

In FY2017 the Company was the best performing stock in the ASX200 index delivering a total shareholder return of 167%.

Managing Director and Chief Executive Officer, Paul Flynn **(CEO)**, is supported by a strong executive leadership group and the Board believes that the Company is well positioned to continue to improve its performance and to deliver value for shareholders. The Company's balance sheet strength and quality of operations underpin the confidence of the Board to recommend shareholders approve a distribution of 20 cents per share to shareholders.

The introduction of a Costs Target Hurdle into our Long Term Incentive **(LTI)** structure in 2014 has been effective. Whitehaven has been in the best quartile for costs of production in the three most recent financial years, and when combined with the FY2017 recovery in coal prices has led to this year's record operating profit and the retirement of a substantial amount of debt.

Remuneration outcomes for FY2017

Short Term Incentive **(STI)** awards to Executive KMP for their performance during the year were assessed between 89% and 92% of the maximum possible award. 50% of each Executive KMP's FY2017 STI award will be deferred into equity which will vest in two tranches following the completion of FY2018 and FY2019.

Three awards of the Long Term Incentive **(LTI)** were tested during FY2017. These are the first LTI awards to vest since the 2012 merger. Details are set out in this report. The Board is pleased that the hurdles have been satisfied and the LTIs vested following sustained, successful efforts in executing the Company's strategy.

Changes to remuneration framework for FY2017

Changes to Executive KMP remuneration approved by the Board for FY2017 were considered in the context of our strategy, relevant benchmarks and retaining our leadership team.

For FY2017 the total potential remuneration of our Executive KMP was increased, by increasing the STI target potential from 50% of Total Fixed Remuneration **(TFR)** to 100% of TFR for the CEO, to 80% for the EGM Operations and to 70% for other Executive KMP and by decreasing the possible stretch award available from 150% of an award to 125%. STI awards are delivered 50% in cash and 50% in deferred equity.

To increase the retention value of the LTI scheme and to further align the scheme with shareholders' interests, for FY2017 the Board introduced a change to LTI awards from being delivered 100% in the form of performance rights to being delivered in the form of 50% performance rights and 50% options with a market-value exercise price. All awards are subject to achieving performance targets. At the 2016 AGM shareholders voted 99.5% in favour of the CEO's LTI grant. Details of the upcoming LTI grant and hurdles for FY2018 for the CEO will again be included in the Notice for our upcoming AGM when shareholders will be asked to approve the grant.

Non-executive Directors fees

The Board had not increased Non-executive Directors fees since the 2012 merger with Aston Resources but has now reviewed Non-executive Directors fees for FY2018. For the upcoming financial year whilst the maximum aggregate Directors' fee pool will not be changed, the Board Chairman's fee has increased by $25,000, and the Remuneration Committee and Health, Safety, Environment & Community Chairman fees and member fees have been aligned with Audit & Risk Management Committee fees to reflect the workload of those Committees.

We thank our Executive KMP and their teams for their commitment and contribution to Whitehaven. We hope shareholders find the information provided in the Remuneration Report informative, and we welcome your feedback.

Yours sincerely,

The Hon. Mark Vaile AO
Chairman

Christine Mcloughlin

Christine McLoughlin
Chairman of the
Remuneration Committee

Table of Remuneration Report Contents

1. Introduction

This Remuneration Report forms part of the Directors Report.

In accordance with Section 308 (3C) of the Corporations Act 2001 (Cth) (Corporations Act), the external auditors, Ernst & Young, have audited this Remuneration Report.

This report details the remuneration and fees during FY2017 of the KMP of the Company, who are listed in the table below. For the remainder of this Remuneration Report, the KMP are referred to as either Executive KMP or Non-executive Directors.

1.1 Key Management Personnel for FY2017

This Report details the remuneration during FY2017 of:

Name	Role held during FY2017	Committee positions held
NON-EXECUTIVE DIRECTORS		
The Hon. Mark Vaile AO	Chairman and Non-executive Director	Chairman of Governance & Nomination Committee Member of Audit & Risk Management Committee Member of Remuneration Committee
John Conde AO	Deputy Chairman and Non-executive Director	Chairman of Audit & Risk Management Committee Member of Remuneration Committee Member of Governance & Nomination Committee
Dr Julie Beeby	Non-executive Director	Member of Health, Safety, Environment & Community Committee
Tony Haggarty	Non-executive Director	Chairman of Health, Safety, Environment & Community Committee Member of Audit & Risk Management Committee
Christine McLoughlin	Non-executive Director	Chairman of Remuneration Committee Member of Governance & Nomination Committee Member of Health, Safety, Environment & Community Committee
Raymond Zage	Non-executive Director	

Remuneration Report *(cont.)*

1.1 Key Management Personnel for FY2017 *(cont.)*

Executive KMP	Role held during FY2017
Paul Flynn	Managing Director and Chief Executive Officer
Kevin Ball	Chief Financial Officer
Timothy Burt	General Counsel and Company Secretary
Brian Cole	Executive General Manager – Project Delivery
Jamie Frankcombe	Executive General Manager – Operations
Scott Knights	Executive General Manager – Marketing

1.2 Summary of Company performance

The Remuneration Committee is of the view that the Executive Key Management Personnel (**Executive KMP**) have continued to successfully execute our strategy and that remuneration outcomes for FY2017 are aligned to company performance. In FY2017 the Executive KMP have focused on key projects and initiatives including:

- improving safety, environmental and community engagement outcomes;
- ramping up coal production, coal processing and coal sales;
- deploying the 400 metre wide longwall face at Narrabri;
- delivering industry leading cost performance;
- capitalising on improved market conditions to substantially reduce debt; and
- substantially completing the Company's submission in support of a 10mtpa operation at Vickery.

Whitehaven has capitalised on improved coal prices in FY2017 by increasing saleable production and coal sales, by improving safety and by continuing to tightly manage costs to report a record Net Profit after Tax of $405.4m.

There were many highlights in FY2017 including:

TRIFR of 7.4 improved by 30%	Net Profit After Tax of $405.4m
ROM Production of 23.1Mt increased by 13%	EBITDA of $714.2m increased by 219%
Saleable Production of 20.8Mt increased by 6%	Cash generated from operations of $655.3m increased by 143%.
Coal Sales of 20.7Mt increased by 3%	Costs of Production $58/t within the best quartile

As a consequence of investments made by the Company since the merger in 2012 to bring Narrabri and Maules Creek coal mines on line and ramp up their production, in FY2017 Whitehaven decreased net debt by $528m, leverage for the trailing twelve months has decreased to 0.4x EBITDA and gearing reduced to 9%. These are credit metrics that are investment grade.

Company performance for the last five years

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

	2017	2016	2015	2014	2013
Revenue ($m's)	**1,773.2**	1,164.4	763.3	755.4	622.2
EBITDA ($m's)	**714.2**	224.1	130.3	90.4	17.1
Profit/(loss) attributable to the group ($m's)	**405.4**	20.5	(342.7)	(38.4)	(88.7)
Share price at year end (dollars per share)	**$2.87**	$1.08	$1.32	$1.43	$2.30[1]
Basic EPS (cents per share)	**41.2**	2.1	(33.3)	(3.9)	(9.0)
Diluted EPS (cents per share)	**40.7**	2.1	(33.3)	(3.9)	(9.0)
Dividends paid (cents per share)	**–**	–	–	–	3.0
Total Reportable Injury Frequency Rate (TRIFR)	**7.4**	10.6	11.3	14.1	20.1
Environmental Enforcement Action Frequency Rate (EEAFR)[2]	**4.2**	8.1	2.9	1.9	2.6
Saleable Production – Mt	**20.8**	19.7	11.3	8.2	6.6

1 The opening share price for 2013 was $4.15.

2 Elevated as a KPI for STI in FY2017, an Environmental Enforcement Action is defined as a warning letter, an official caution, an order, a penalty or a prosecution. Where a single piece of enforcement correspondence notes a breach of more than one approval/licence condition, each breach is counted separately.

2. Remuneration Governance

This section describes the role of the Board, Remuneration Committee and external remuneration advisers when making remuneration decisions, and sets out an overview of the principles and policies that underpin the Company's remuneration framework.

2.1 Role of the Board and Remuneration Committee

The Board is responsible for ensuring that the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders. Consistent with this responsibility, the Board has established a Remuneration Committee, whose role is to:

- review and approve the remuneration of the Executive KMP;
- review and approve the remuneration policies and practices for the Group generally, including incentive plans and other benefits; and
- review and make recommendations to the Board regarding the remuneration of Non-executive Directors.

The Remuneration Committee comprises three Non-executive Directors: Christine McLoughlin (Committee Chairman), John Conde, and Mark Vaile. The Remuneration Committee has a formal charter, which sets out its roles and responsibilities, composition structure and membership requirements. A copy of this charter can be viewed on Whitehaven's website.

Further information regarding the Remuneration Committee's role, responsibilities and membership is set out in the Company's Corporate Governance Statement.

2.2 Use of external remuneration advisors

From time to time, the Remuneration Committee seeks and considers advice from external advisors who are engaged by and report directly to the Remuneration Committee. Such advice will typically cover Non-executive Director fees, Executive KMP remuneration and advice in relation to equity plans.

The Corporations Act requires companies to disclose specific details regarding the use of remuneration consultants. The mandatory disclosure requirements only apply to those advisers that provide a 'remuneration recommendation' as defined in the Corporations Act. The Committee did not receive any remuneration recommendations in FY2017.

2.3 Executive KMP remuneration principles and framework

The Company's Executive KMP remuneration framework is based on the following core principles:

- to ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders, having regard to relevant Company policies;
- to attract and retain skilled executives;
- to structure short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
- to ensure any termination benefits are justified and appropriate.

These principles are reflected in the Company's remuneration framework, which is comprised of both fixed and at-risk remuneration components as indicated below.

Details of each of these components and how they applied during FY2017 are described in the tables below and in section 3.

Fixed remuneration (TFR)	At-risk STI	At-risk LTI
– includes salary and superannuation – reviewed annually by the Remuneration Committee – benchmarked against peer companies – influenced by individual performance and experience	– determined based on a mix of financial and non-financial measures – STI opportunity is set between 70% and 100% of TFR for target performance and between 87.5% and 125% of TFR for stretch performance – 50% of STI is delivered as cash and 50% is deferred into rights to receive shares in the Company subject to meeting service based vesting conditions (with vesting periods of 12 and 24 months) – ability of the Remuneration Committee to reduce the number of deferred equity instruments that vest if subsequent events show such a reduction to be appropriate (clawback)	– provides the Remuneration Committee with the flexibility to determine the nature, terms and conditions of the grant each year – operated in FY2017 as an award of 50% performance rights and 50% options (i.e. a right to receive a share for no cost or an option to acquire a share on payment of an exercise price, in each case if specified performance hurdles are satisfied) – the face value of the LTI opportunity is currently set between 80% and 100% of TFR – vesting is subject to two independent performance hurdles – Relative TSR and Costs Target

Remuneration Report *(cont.)*

2.3 Executive KMP remuneration principles and framework *(cont.)*

Remuneration framework summary

	TFR	At-risk % of TFR STI TARGET – STRETCH [1]	At-risk % of TFR LTI[1]
CEO	Benchmarked	100% – 125%	100%
EGM – Operations	Benchmarked	80% – 100%	90%
Other Executive KMP	Benchmarked	70% – 87.5%	80%
Form of Delivery	Salary & Superannuation	Cash 50% Deferred Share Rights 50%	Deferred Share Rights and Options
Performance Period	N/A	1 year (with up to 2 years further deferral)	3 & 4 years
Further explanation	Section 3.1 to 3.3	Section 3.4	Section 3.5

1 As a % of TFR.

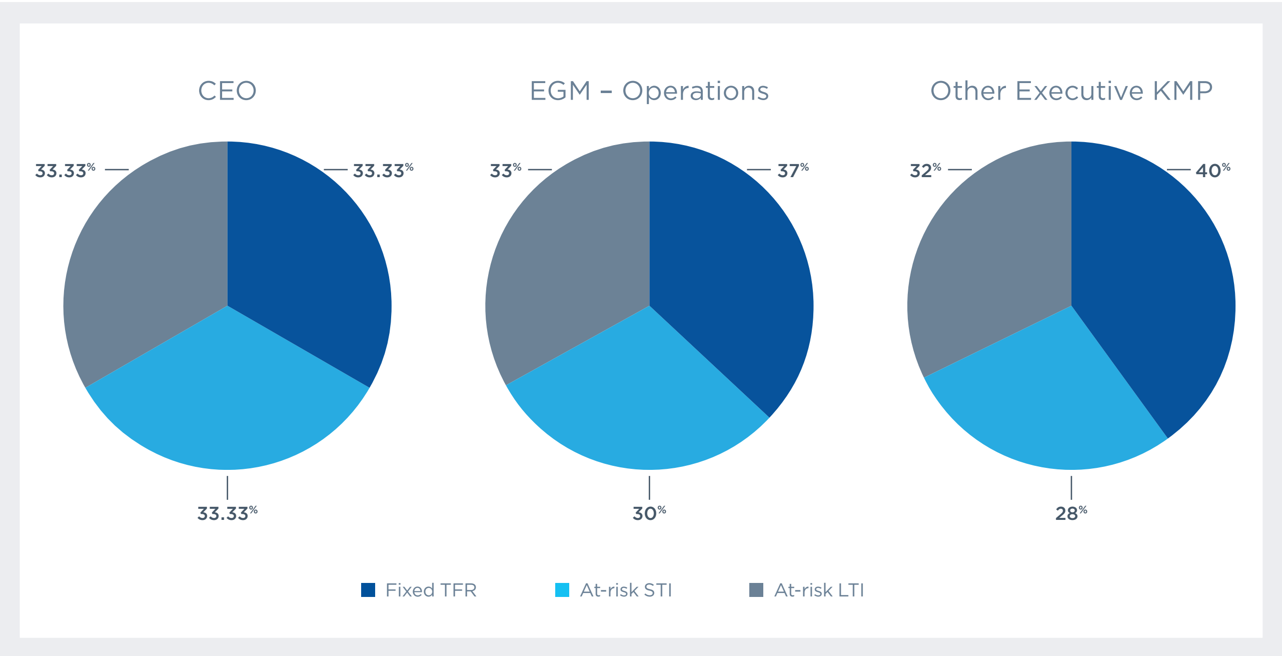
3. Remuneration of the Executive KMP for FY2017

This section describes in greater detail the different components of Executive KMP remuneration for FY2017.

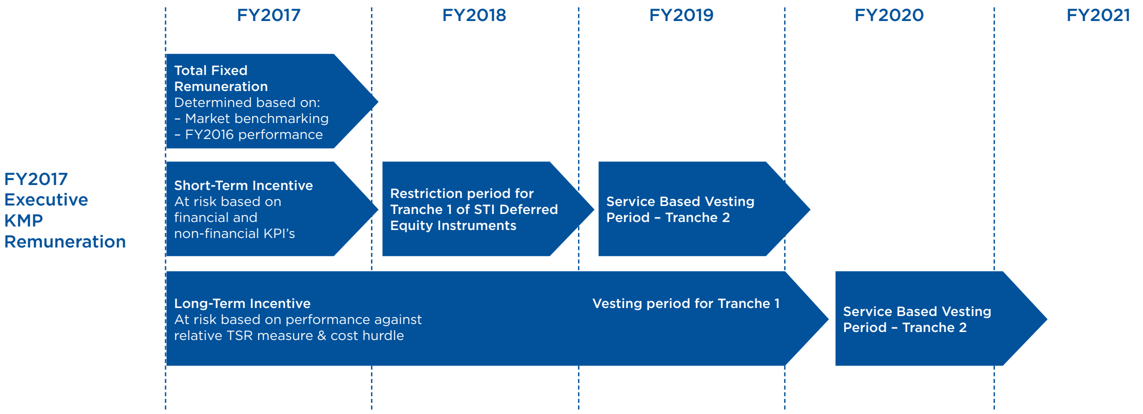
3.1 Mix and timing of Executive KMP remuneration

Executive KMP remuneration is delivered as a mix of fixed and at-risk remuneration. At-risk remuneration can be earned through both STI and LTI and is delivered to Executive KMP over multiyear timeframes to create a layered retention effect and to encourage sustained performance.

The graphs below illustrate the remuneration mix for Executive KMP for FY2017 (assuming Target performance for at-risk components).



The diagram below shows timing for determining and delivering Executive KMP remuneration for FY2017:



3.2 Benchmarking total remuneration

While benchmarking is a useful starting point, it is only one input used by the Board when determining total remuneration for Executive KMP. Remuneration is benchmarked against an appropriate market comparator group adopted by the Board.

The market comparator group consists of Australian listed companies, which have been identified as relevant competitors of Whitehaven that operate in similar business environments.

The Board considers company size, complexity and business challenges when it builds its remuneration comparator group.

The objective of the Board's positioning is to meet the market so as to attract and retain a leading management team while still ensuring appropriate restraint in respect of executive remuneration.

Actual market positioning for each individual may deviate from the positioning policy (above or below) due to considerations such as internal relativities, experience, tenure in role, individual performance and retention considerations.

3.3 Fixed remuneration

Fixed remuneration received by Executive KMP is subject to approval by the Remuneration Committee. Fixed remuneration is comprised of base salary and superannuation. In line with Company policy and executives' service agreements, remuneration levels are reviewed annually based on market benchmarking and individual performance.

Fixed remuneration will typically be positioned between the 50th and 75th percentile of the market comparator group adopted by the Board.

Remuneration Report *(cont.)*

3.4 STI awards and structure for FY2017

The terms of the STI that applied during FY2017 were:

Who participated?	All Executive KMP.
What was the performance period?	The STI for FY2017 operated over a 12 month performance period from 1 July 2016 to 30 June 2017.
What was the target STI award?	Executive KMPs' target STI was between 70% and 100% of fixed remuneration over the 12 month performance period with a total of up to 87.5% and 125% of fixed remuneration for stretch performance. The STI amount actually awarded to each Executive KMP in FY2017 is shown in section 3.7.

What were the performance conditions, why were they chosen and how were they assessed?

Whitehaven has chosen performance conditions that expressly link to our strategy and motivate outperforming annual business plans. The following KPIs were adopted as performance conditions and applied to the FY2017 STI:

- Safety (TRIFR)
- Net Profit After Tax (NPAT)
- ROM production (managed basis)
- FOB cost per saleable tonne (equity basis)
- Environmental Enforcement Action Frequency Rate (EEAFR)
- Projects, for example Vickery submission
- Leadership and individual key performance indicators as agreed between the CEO and the Board, for example community engagement and project development targets.

At the commencement of FY2017, the Board set Target KPIs, the achievement of which was expected to be critical to the success of the Company as it entered what was expected to be an improving but still difficult year of trading.

During the first quarter of the financial year coal prices rallied from multi-year lows. The coal price rally was sustained through the remaining quarters in the financial year. When those higher coal prices were matched to a continued focus upon tight control of costs, increased coal production, and improved safety and environmental performances, the company delivered a strong operating result and a record operating profit for the year.

The Remuneration Committee and the Board assessed and approved the STI performance conditions applying to the CEO's STI award. The performance conditions for Other Executive KMP were assessed by the CEO and approved by the Board.

The weightings of each performance condition are set out in the following table.

	CEO	CFO	Company secretary/ General Counsel	EGM Projects	EGM Operations	EGM Marketing
Safety (TRIFR)	20%	20%	20%	20%	20%	20%
NPAT	25%	25%	20%	20%	20%	25%
ROM production	20%	15%	20%	10%	20%	20%
FOB cost per saleable tonne	15%	20%	20%	10%	20%	15%
Environmental (EEAFR)	10%	10%	10%	10%	10%	10%
Projects	–	–	–	20%	–	–
Individual Leadership KPIs	10%	10%	10%	10%	10%	10%

What performance level was achieved?

A snapshot of the performance levels achieved for FY2017 is set out below:

Performance condition[1]	YoY[2]	Actual	Outcome
Safety (TRIFR)	30%	7.4	Stretch
NPAT[3]	1,691%	$367.2m	Stretch
ROM production	13%	23.1Mt	Between Gateway and Target
FOB cost per saleable tonne	4%	$58/t	Target
Environmental (EEAFR)	48%	4.2	Stretch

1 Excludes projects KPI's and individual leadership KPIs.
2 Year on year change.
3 Before significant items.

Details in relation to each KPI are set out below.

Safety

The emphasis on a safe working environment has continued to drive a sustained reduction in the TRIFR. The Whitehaven view that "tonnes cannot come at the expense of safety" is embedded in the Company. Our operations have performed very safely – our TRIFR of 7.4 is superior to the NSW coal industry average, and is a 30% improvement when compared with FY2016. The progress of the Company to improve safety processes and standards supports our aspirational goal of being the industry leader in safety. The overall result achieved was at stretch.

NPAT

While difficult operating conditions affected both the open cut and the underground mines, tight cost control was enforced. Gunnedah basin coal quality, and particularly the quality of the Maules Creek products, assisted the Group's marketing team to penetrate new markets, win new customers, win quality adjustments to price which helped to deliver substantial value from the FY2017 rally in coal prices and deliver a record operating profit for the Group.

The reported NPAT before significant items of $367.2m exceeded the stretch target.

ROM production (managed)

In FY2017, open cut ROM coal production was adversely impact by a wetter than usual year as well as by geological issues at Narrabri in the December quarter. Despite the impact of these factors managed ROM production of 23.1Mt for the year was a 13% increase year on year. Gunnedah open cut mines exceeded their production targets for the year, Maules Creek met its production target however Narrabri was below its target. The overall result was between gateway and target.

FOB cost per saleable tonne

Our goal continues to be to maintain low, industry leading unit costs.

Following a wetter than usual September quarter and below trend production rates at Narrabri underground mine in the December quarter, unit costs for the year rose – principally as a result of the drive in the second half of FY2017 to recover the deferred tonnes by accelerating production from higher cost operations to take advantage of the improved coal price environment. Consequently, unit costs for FY2017 of $58/t were 4% higher than the previous year. Unit costs continue to be in the best quartile and in line with business plans. The overall result was at target.

Environmental

This year the Board elevated the operational environmental KPI into the Executive KMP STI programme. The Board recognises the importance of compliance with environmental approval conditions to maintaining the Group's standing in the community. The Group strives to adopt and achieve industry best practice. The EEAFR for FY2017 represented a 48% improvement year on year falling to 4.2 incidents per million man hours worked from the previous year. The outcome represented a stretch result.

Individual Leadership KPIs

The leadership performance of the CEO is assessed annually by the Board. Awards to individual Executive KMP ranged from at target to stretch. A stretch result was awarded to the CEO.

Remuneration Report *(cont.)*

3.4 STI awards and structure for FY2017 *(cont.)*

How will the STI be delivered?	50% of the STI award will be paid to the Executive KMP in cash in September 2017. The remaining 50% of the STI award will be deferred into rights to receive Whitehaven ordinary shares (**Deferred Equity**), which will vest and become exercisable subject to meeting service conditions. In accordance with the service conditions, half of the Deferred Equity will vest and become exercisable following the completion of FY2018, while the other half will vest and become exercisable following the completion of FY2019. There is no exercise price payable upon vesting or exercise of Deferred Equity. Upon exercise of Deferred Equity, each right entitles the recipient to one ordinary share in the Company. Vested Deferred Equity that has not been exercised by 16 August 2027 (the expiry date) will automatically be exercised. Deferred Equity will not vest if the Executive KMP resigns or is terminated for cause or the Board applies its discretion to clawback some or all of the Deferred Equity. STI Awards do not have any dividend or voting rights prior to vesting and exercise. However, following exercise of vested STI awards the recipient is entitled to receive a dividend equivalent payment in respect of the period between vesting and exercise (in recognition of the fact that they are entitled to receive ordinary fully paid shares in the Company at any time from vesting). Any dividend equivalent payment made to participants may be made in cash or provided as additional fully paid ordinary shares in the Company, as determined by the Board. Executive KMP are required to comply with the Company's securities trading policy in respect of their Deferred Equity, which includes a prohibition on hedging or otherwise protecting the value of their unvested STI awards. In the event of a takeover or any proposed transaction that, in the Board's opinion, is likely to result in a change of control, the Deferred Equity will vest and become exercisable.

3.5 LTI awards and structure for FY2017

The terms of the FY2017 LTI grants to Executive KMP were:

Who participated?	All Executive KMP.
How will LTI be delivered?	FY2017 LTI Awards that vest will be delivered half in the form of performance rights, being rights to receive ordinary shares at no cost, and half in the form of options to acquire shares on payment of a market-value exercise price, in each case subject to meeting performance conditions and exercise by the Executive KMP. The options component was introduced in FY2017 to improve the retention effect of the LTI awards, and to further improve alignment with shareholder interests.
What was the value of LTI awards granted?	The value of LTI awards granted to the Executive KMP for FY2017 remain unchanged from the previous year (i.e. the percentages of TFR – refer section 2.3). The CEO was granted LTI awards with a face value equal to 100% of his TFR and the EGM Operations was granted LTI awards with a face value equal to 90% of his TFR. Other Executive KMP were granted LTI awards with a face value equal to 80% of their TFR. LTI awards were granted half in performance rights and half in options. The number of performance rights granted was determined with reference to the volume weighted average price of the Company's shares over the 20 trading day period commencing 10 trading days prior to 30 June 2016. The number of options granted was calculated by dividing 50% of the total LTI award value for each Executive KMP by the fair value of an option as determined by an independent third party using the Black-Scholes methodology. No discount was applied to the valuation in respect of the probability of the performance conditions being met. Shareholder approval was obtained at the 2016 Annual General Meeting for the FY2017 grant of LTI awards to the CEO.
What is the exercise price for LTI awards?	There is no exercise price payable on vesting or exercise of the performance rights. On exercise, each performance right entitles the recipient to one ordinary share in the Company. LTI awards that are delivered as options have an exercise price of $1.21, (being the volume weighted average price of the Company's shares over the 20 trading day period commencing 10 trading days prior to 30 June 2016). Vested rights will have a last date for exercise that is 10 years following the grant date while vested options will have a last date for exercise up to 5 years following the grant date (Last Exercise Dates). On these Last Exercise Dates, vested but unexercised rights will be automatically exercised and vested but unexercised options will lapse.

What are the performance conditions?	The LTI award was split into the following components: – **TSR Awards:** 50% of the award is subject to a relative total shareholder return **(TSR)** performance hurdle **(TSR Hurdle)**, which compares the TSR performance of the Company with the TSR performance of a peer group of companies operating in the Australian resources sectors; and – **Costs Target Awards:** 50% of the award is subject to the Company achieving a defined cost per tonne target **(Costs Target Hurdle)**.
Why were these performance conditions chosen?	The TSR Hurdle was chosen because: 1. It allows for an objective external assessment of the shareholder value created by the Company relative to a group of peers over a sustained period; and 2. it is a widely adopted metric that is well understood by markets. The Costs Target Hurdle was chosen and set at a level which provides a structural incentive to LTI participants to ensure that the Company is positioned in the best cost quartile of Australian coal producers. This structural incentive is aligned with shareholder interests. Tight control of costs of production i.e. in the best cost quartile, is a key plank in our strategy. For this reason we have a cost metric in both our STI and LTI structures. Best quartile costs protect and preserve shareholder value in difficult times and support enhanced returns when the commodity cycle recovers. When costs are in the best quartile the Company has access to lower cost debt and larger liquidity pools, it is able to raise cost-effective equity, and its suppliers have confidence in the Company's sustainability.
What are the performance periods?	Each TSR Award is divided into two equal tranches capable of vesting and becoming exercisable after a three and four year performance period (respectively), with each performance period commencing on 1 July 2016. The Costs Target Awards is based on the FOB cost per saleable tonne achieved on a Company-wide basis for the year ending 30 June 2019 with Costs Target Awards being tested at that time. Half the awards will be capable of vesting immediately and half will be subject to deferral for a further year.
How will the performance condition be calculated for the TSR Awards?	For the TSR Hurdle, the TSR of the Company for the FY2017 LTI grant is measured as a percentile ranking compared to the below comparator group of listed entities over the relevant performance period for the tranche. The TSR comparator group was established before the commencement of the respective performance period. BHP Billiton; Rio Tinto; Woodside Petroleum Mineral Resources; Oil Search; Newcrest Mining South32; Saracen Mineral Holding; Santos Fortescue Metals Group; Sandfire Resources; Iluka Resources WorleyParsons; Syrah Resources; Western Areas New Hope Corp; Beach Energy; Northern Star Resources OZ Minerals; Evolution Mining; Independence Group The level of vesting will be determined based on the ranking against the comparator group companies in accordance with the following schedule: – at the 75th percentile or above – 100% of the TSR Awards vest; – between the 50th and 75th percentile – vesting will occur on a pro rata straight line basis; – at 50th percentile – 50% of the TSR Awards vest; and – below the 50th percentile – no TSR Awards vest. Unless the Remuneration Committee determines otherwise, the TSR of a company for a performance period will be calculated adopting the following determination of the relevant opening and closing share prices: – the volume weighted average share price over the 20 trading day period commencing 10 trading days before 30 June 2016 (opening share price); and – the volume weighted average share price over the corresponding 20 trading day period at the conclusion of the performance period ending 30 June 2019 and 30 June 2020, as applicable (closing share price).

Remuneration Report *(cont.)*

3.5 LTI awards and structure for FY2017 *(cont.)*

How will the performance condition be calculated for the Costs Target Awards?	The Remuneration Committee has set the LTI Costs Target Hurdle having regard to the Company's budgeted cost forecasts and to the coal industry cost curve as measured by a recognised expert. The Board is satisfied that the LTI Costs Target Hurdle is challenging and that achievement of the performance condition will place the Company in the best cost quartile of the current coal industry cost curve. Testing will occur following the completion of FY2019 based on the average costs achieved on a Company-wide basis over the 12 month period from 1 July 2018 to 30 June 2019. Full vesting will only occur if the Board is satisfied that performance meets or exceeds the Maximum as set out below. The Board may, where it is appropriate to do so, revise the targets below to take account of mergers, acquisitions and divestments or other exceptional circumstances. Vesting will occur based on the following schedule: – Maximum or above – 100% of the Costs Target Awards vest; – Between Gateway and Maximum – vesting will occur on a pro rata straight line basis up to maximum performance; – Gateway – 50% of the Costs Target Awards vest; and – Below Gateway – no Costs Target Awards vest. Due to the commercially sensitive nature of this hurdle, the exact target will not be disclosed until the year of testing. However, retrospective disclosure of the outcomes against the target will be provided in the Remuneration Report for the year of testing. To the extent that the Costs Target Hurdle is satisfied at the end of FY2019: – 50% of the Costs Target Awards that vest will become exercisable; and – The remaining 50% will be subject to a further one year service condition prior to vesting and becoming exercisable. Notwithstanding the vesting schedule above, the Board retains discretion to lapse any or all Costs Target Awards if the Board considers that vesting would be inappropriate in light of the intent and purpose of the target.
Re-testing	All performance awards that do not vest following testing will lapse immediately. There is no re-testing of awards that do not vest.
Do the performance rights and options attract dividend and voting rights?	LTI Awards do not have any dividend or voting rights prior to vesting and exercise. Upon exercise of vested LTI Awards the recipient is entitled to receive a dividend equivalent payment in respect of the period between vesting and exercise (in recognition of the fact that they are entitled to receive ordinary fully paid shares in the Company at any time from vesting). Any dividend equivalent payment made to participants may be made in cash or provided as additional fully paid ordinary shares in the Company, as determined by the Board. Shares allocated on exercise of performance rights and options rank equally with other ordinary shares on issue, including in relation to dividend and voting rights. Participants are required to comply with the Company's securities trading policy in respect of their performance rights, options and any shares they receive upon exercise. They are prohibited from hedging or otherwise protecting the value of their performance rights and options.
What happens in the event of a change in control?	In the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board has discretion to determine that vesting of some or all of any unvested performance awards should be accelerated.
What happens if an executive ceases employment during the performance period?	In general, unless the Board determines otherwise, where an executive's employment is terminated: – for cause or due to resignation all unvested performance awards will lapse; or – by mutual agreement with the Company: unvested performance awards will remain on foot and subject to the original performance hurdle. However, the Board may at its discretion determine to lapse any or all of the unvested performance awards and ordinarily, in the case of a resignation, would be expected to do so; or – for any other reason: unvested performance awards will remain on foot and subject to the original performance hurdle, with Board discretion to determine that some of the performance awards (up to a pro rata portion based on how much of the performance period remains) will lapse. The performance awards that remain on foot will be tested in the normal course following the end of the relevant performance period.

3.6 Executive KMP realised remuneration outcomes

As set out in Section 1.2 the Remuneration Committee is of the view that the Executive KMP have continued to successfully execute our strategy. The table below is designed to give shareholders a better understanding of the actual remuneration outcomes for Executive KMP in FY2017. It includes:

- Fixed remuneration earned in FY2017;
- STI earned in respect of FY2017 performance (including cash payable in September 2017 and Deferred Equity for FY2017 which may vest and become exercisable in later years);
- LTI that reached the end of its performance period in FY2017 including the impact of share price appreciation between the grant date and the test date;
- any termination benefits provided in FY2017; and
- any non-monetary benefits provided to Executive KMP in FY2017 (including fringe benefits).

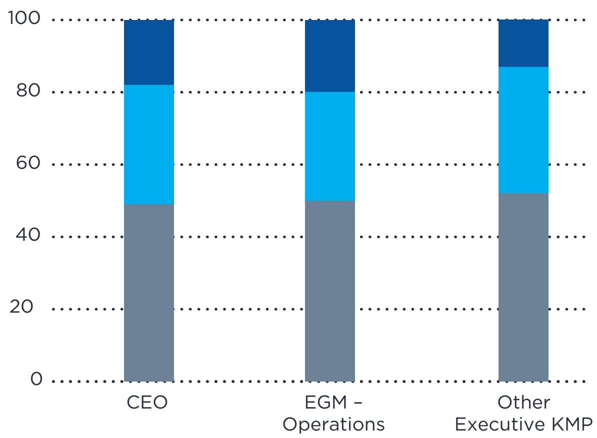
The amounts disclosed in the table, while not in accordance with accounting standards, are considered more helpful for shareholders to demonstrate the linkage between Company performance and remuneration outcomes for executives for FY2017.

Executive KMP	TFR[1]	STI[2] paid	LTI[3] Vested at face value of award	Other[5]	Total remuneration	FY2017 Deferred equity STI[6]	Vested LTI[7] share price appreciation	Total
Paul Flynn	1,352,520	773,942	832,001	12,500	2,970,963	773,942	587,251	**4,332,156**
Kevin Ball	612,000	245,036	251,817	–	1,108,853	245,036	204,522	**1,558,411**
Timothy Burt	520,200	201,541	377,336	12,500	1,111,577	201,541	180,250	**1,493,368**
Brian Cole	676,260	264,141	502,727	10,432	1,453,560	264,141	233,671	**1,951,372**
Jamie Frankcombe	910,350	410,365	518,001	12,500	1,851,216	410,365	378,971	**2,640,552**
Scott Knights	525,000	210,292	180,000	–	915,292	210,292	171,371	**1,296,955**

1 Fixed remuneration comprises base salary and superannuation.
2 STI represents the amount of cash STI that each Executive KMP will be paid in September 2017 based on FY2017 performance. Refer to section 3.4 and section 3.7 for further details.
3 LTI represents LTI awards for which the test period was in FY2017 and which have vested for awards made between 2012 and 2014.The amounts shown are the face value of the awards at grant. Refer to section 3.8 for further details.
4 There were no cessation payments during FY2017.
5 Other includes parking, motor vehicle benefits and other similar items.
6 Deferred Equity STI refers to the amount of STI deferred into rights that are the subject to further service based performance conditions. Whilst not yet granted, the STI is expected to be issued at a VWAP of $2.85. It is expected that rights issued under the STI will vest and become exerciseable following the completion of FY2018 and FY2019. Refer to Section 3.4 for further details.
7 LTI Share Price Appreciation is the amount of the Executive KMP LTI award delivered by an appreciation between the face value VWAP of a share at the time of the award being granted and the VWAP of a share at the award test date for those awards which vested. Refer to section 3.8 for further details.

The graphs below illustrate how the remuneration mix for Executive KMP for FY2017 was delivered – approximately half in cash with the balance awarded in equity or equity which is deferred for up to two years.

REALISED REMUNERATION MIX FOR EXECUTIVE KMP FOR FY2017



	CEO	EGM – Operations	Other Executive KMP
TFR and STI cash	49%	50%	52%
Vested LTI Awards	33%	30%	35%
STI Deterred Equity	18%	20%	13%

Remuneration Report *(cont.)*

3.7 Executive KMP STI outcomes in FY2017

The individual STI outcome for each Executive KMP is set out in the table below.

Executive KMP	STI earned ($A) Paid as cash	Deferred equity	Total	Percentage of maximum STI received	Percentage of maximum STI forfeited
	$	$	$		
Paul Flynn	773,942	773,942	1,547,884	92%	8%
Kevin Ball	245,036	245,036	490,072	92%	8%
Timothy Burt	201,541	201,541	403,082	89%	11%
Brian Cole	264,141	264,141	528,282	89%	11%
Jamie Frankcombe	410,365	410,365	820,730	90%	10%
Scott Knights	210,292	210,292	420,584	92%	8%

Details of the remuneration of KMP prepared in accordance with statutory obligations and accounting standards are contained in section 5 of this Remuneration Report.

3.8 Executive KMP LTI outcomes in FY2017

This is the first year since the 2012 merger that LTI awards have vested. The Board believes that the Company is well positioned to continue to improve its performance and to deliver value for shareholders. In FY2017 the Company was the best performing stock in the ASX200 index delivering a total shareholder return of 167%. The Company's balance sheet strength and quality of operations underpin the Board's confidence to propose a return of capital to shareholders in 2017.

The table below sets out the LTI awards that were tested in FY2017 (or for which the test period concluded on 30 June 2017) and the results of the relevant test.

LTI Year	Tranche	Test type	Outcomes Performance	Vested	Lapsed
2012	3 of 3	Relative TSR	10th in 23	68%	32%
2013	2 of 2	Relative TSR	10th in 21	48%	52%
2014	1 of 2	Relative TSR	2nd in 21	100%	0%
2014	1 of 1	Costs Hurdle	$58/t Actual $64/t Target	100%	0%

TSR of 167% #1 ranked in the ASX200 index for 2017

Costs Hurdle Target

In 2014, after considering the company's three year operating plan together with information provided by a recognised industry expert, the Board set the Gateway and Target for FY2017. Saleable production in FY2014 was 8.2Mt while costs for FY2014 were $69/tonne. The Gateway was determined as the entry point into the best cost quartile, while the Target of $64/t was determined as being within the best cost quartile. The FY2017 Target was set $5/t below the previous year while expecting that FY2017 saleable production would be almost double that of FY2013.

The actual cost result of $58/t for FY2017 has bettered the Target by $6/t. Management's efforts between 2014 and 2017 to improve the cost structure have resulted in FY2017 costs finishing within the best cost quartile and as a result the Board approved an at Target award. 50% of costs hurdle target awards vest immediately while the remaining 50% are subject to a further service based vesting period of one year.

Executive KMP LTI awards vesting in FY2017

	LTI shares vested						
Executive KMP	2012 Tranche 3 TSR Hurdle	2013 Tranche 2 TSR Hurdle	2014 Tranche 1 TSR Hurdle	2014 Tranche 1 costs Hurdle	LTI value	Vested LTI at face value of award[1]	Vested LTI share price appreciation[1]
					$	$	$
Paul Flynn	N/A	141,818	213,699	142,466	1,419,252	832,001	587,251
Kevin Ball	N/A	23,132	82,192	54,795	456,339	251,817	204,522
Timothy Burt	20,957	40,715	82,192	54,795	557,586	377,336	180,250
Brian Cole	28,678	55,723	106,866	71,244	736,398	502,727	233,671
Jamie Frankcombe	N/A	75,000	143,836	95,891	896,972	518,001	378,971
Scott Knights	N/A	N/A	73,973	49,315	351,371	180,000	171,371
Award Test Date	23 Sept 2016	30 June 2017	30 June 2017	30 June 2017			
VWAP – Grant Date	$4.11	$2.24[2]	$1.46	$1.46			
VWAP – Award Test Date	$2.44	$2.85	$2.85	$2.85			

1 As presented in section 3.6.

2 VWAP at grant date for Mr Flynn was $2.20 based on commencement date of 25 March 2013 as CEO.

4. Executive KMP employment contracts

The following section sets out an overview of key terms of employment for the Executive KMP, as provided in their service agreements.

All Executive KMP contracts give the Company discretion to make payment in lieu of notice. No notice is required where termination is for cause. The contracts do not provide for any termination payments other than payment in lieu of notice.

Treatment of unvested incentives is dealt with in accordance with the terms of grant. In general, under the STI and LTI arrangements, unvested entitlements will be forfeited where an executive is terminated for cause or, subject to the Board's discretion, where they resign. In all other circumstances where the Board considers the executive to be a 'good leaver', outgoing executives will generally retain their entitlements (subject to any applicable performance conditions in the case of LTI arrangements).

Managing Director

Paul Flynn was appointed as Managing Director and CEO of the Company on 27 March 2013. This table outlines the key terms of Mr Flynn's contract of employment.

Fixed remuneration	Mr Flynn's annual TFR for FY2018 of $1,352,520 is unchanged from FY2017. It includes salary, superannuation contributions, and any components under Whitehaven's salary packaging guidelines and all Director fees. TFR is reviewed annually.
Short term incentive	Mr Flynn is eligible to participate in the annual STI plan, as described in section 3.4. At Target performance, his FY2018 STI opportunity is 100% of TFR (FY2017: 100%), with up to 125% of TFR for Stretch performance (FY2017:125%).
Long term incentive	Mr Flynn is eligible to participate in the LTI plan as described in section 3.5, and subject to receiving required or appropriate shareholder approval. Mr Flynn's LTI grant will be 100% of his TFR for FY2018 (FY2017: 100%).
Other key terms	Other key terms of Mr Flynn's service agreement include the following: – his employment is ongoing, subject to twelve months' notice of termination by Whitehaven or six months' notice of termination by Mr Flynn – the Company may terminate without notice in certain circumstances, including serious misconduct or negligence in the performance of duties. Mr Flynn may terminate immediately in the case of fundamental change to his role (i.e. there is a substantial diminution in his responsibilities), in which case his entitlements will be the same as if the Company terminated him without cause – the consequences for unvested incentive awards on termination of Mr Flynn's employment will be in accordance with the Company's STI and LTI plans. Mr Flynn will have post-employment restraints for a period of three months. No additional amounts will be payable in respect of this restraint period.

Remuneration Report *(cont.)*

Other Executive KMP contracts

A summary of the notice periods and key terms of the current Executive KMP contracts are set out in the table below. All of the contracts below are of ongoing duration.

Name and position (at year-end)	Notice
Kevin Ball Chief Financial Officer Appointed 16 December 2013	3 months by employee 6 months by the Company
Timothy Burt General Counsel and Joint Company Secretary Appointed 29 July 2009	3 months by employee 12 months by the Company
Brian Cole Executive General Manager – Project Delivery Appointed 1 July 2012	6 months by employee or the Company
Jamie Frankcombe Executive General Manager – Operations Appointed 4 February 2013	3 months by employee 6 months by the Company
Scott Knights Executive General Manager – Marketing Appointed 18 August 2014	6 months by employee or the Company

5. Executive KMP remuneration tables

5.1 Executive KMP – Statutory remuneration table

The following table sets out the statutory remuneration disclosures required under the Corporations Act and has been prepared in accordance with the appropriate accounting standards and has been audited.

							Share-based payments			
In AUD	FY	Salary & fees	Non – Monetary benefits	Super-annuation benefits	STI	Termination benefits	Shares	Rights and options	Total remun-eration	Perfor-mance related
			A		B			C		%
EXECUTIVE DIRECTORS										
Paul Flynn	2017	1,317,520	12,500	35,000	1,216,379	–	–	896,355	3,477,754	61%
	2016	1,291,000	12,020	35,000	772,046	–	–	321,283	2,431,349	45%
OTHER EXECUTIVE KMP										
Kevin Ball	2017	587,000	–	25,000	398,300	–	–	325,679	1,335,979	54%
	2016	575,000	–	25,000	337,193	–	–	114,962	1,052,155	43%
Timothy Burt	2017	490,000	12,500	30,000	334,342	–	–	301,368	1,168,210	54%
	2016	480,000	12,020	30,000	298,346	–	–	147,782	968,148	46%
Brian Cole	2017	641,260	10,432	35,000	434,056	–	–	393,150	1,513,898	55%
	2016	623,600	8,824	39,400	356,023	–	–	195,860	1,223,707	45%
Jamie Frankcombe	2017	875,350	12,500	35,000	666,684	–	–	565,718	2,155,252	57%
	2016	857,500	12,020	35,000	522,104	–	–	229,867	1,656,491	45%
Scott Knights	2017	500,000	–	25,000	337,503	–	–	198,333	1,060,836	51%
	2016	470,000	–	25,000	276,821	–	–	84,766	856,587	42%
Total	2017	4,411,130	47,932	185,000	3,387,264	–	–	2,680,603	10,711,929	
	2016	4,297,100	44,884	189,400	2,562,538	–	–	1,094,520	8,188,437	

A The amounts disclosed as non-monetary benefits relate to car spaces, motor vehicle benefits and other similar items.

B Comprises the cash component of current year STI (Refer to section 3.6 and section 3.7 for details) and the fair value at each grant date of STI Deferred Equity expensed over the service based vesting conditions. The fair value for STI grants is based on the volume weighted average price of Whitehaven shares over the 20 trading day period commencing 10 trading days prior to 30 June of each respective grant.

C The fair value for LTI performance rights granted to the KMP is based on the fair value at each grant date. The factors and assumptions used in determining the fair value are set out in note 5.5 to the financial statements.

5.2 STI deferred equity awards made in FY2017

Details of the Deferred Equity component arising from FY2016 Executive KMP STI award performance granted in FY2017 are set out below.

Executive KMP	Number of rights granted	Performance hurdle[1]	Fair value per right at grant date[2]	Latest vesting date[3]
Paul Flynn	95,709	Service	$1.21	August 2017
	95,708	Service	$1.21	August 2018
Kevin Ball	41,801	Service	$1.21	August 2017
	41,801	Service	$1.21	August 2018
Timothy Burt	36,986	Service	$1.21	August 2017
	36,985	Service	$1.21	August 2018
Brian Cole	44,136	Service	$1.21	August 2017
	44,135	Service	$1.21	August 2018
Jamie Frankcombe	64,724	Service	$1.21	August 2017
	64,724	Service	$1.21	August 2018
Scott Knights	34,317	Service	$1.21	August 2017
	34,317	Service	$1.21	August 2018

1 The Deferred Equity component of FY2016 STI is subject to service conditions of one and two years, respectively. There is no exercise price payable on vesting or exercise of the Deferred Equity rights. On exercise of Deferred Equity, each right entitles the recipient to one ordinary share in the Company. Vested Deferred Equity rights that have not been exercised by 13 August 2026 (Last Exercise Date) will automatically be exercised.

2 The fair value for awards granted to the Executive KMP is based on the total deferred portion of STI divided by the volume weighted average price of Whitehaven shares over the 20 trading day period commencing 10 trading days prior to 30 June 2016 being $1.21.

3 The Vesting Dates for Deferred Equity rights are the respective dates when the financial results for each of FY2017 and FY2018 are released to the market.

5.3 LTI awards made in FY2017

A summary of the LTI awards for FY2017 (i.e. the value and the fair value of the LTI granted to each Executive KMP) is set out in the table below.

Executive KMP	Number of performance rights granted	Number of options granted	Value of performance rights grant	Value of options grant	Fair value of performance rights at grant date	Fair value of options at grant date
			$	$	$	$
Paul Flynn	558,893	1,822,081	676,260	676,260	1,331,563	2,906,219
Kevin Ball	202,315	659,577	244,800	244,800	482,015	1,052,025
Timothy Burt	171,967	560,641	208,080	208,080	409,711	894,222
Brian Cole	223,558	728,833	270,504	270,504	532,627	1,162,489
Jamie Frankcombe	338,560	1,103,761	409,658	409,657	806,619	1,760,499
Scott Knights	173,554	565,814	210,000	210,000	413,493	902,473

The value of the LTI performance rights was calculated based on value of grant using the volume weighted average price of Whitehaven shares over the 20 trading day period commencing 10 trading days prior to 1 July 2016, being $1.21. The value of the LTI options grant represents the face value of the grant at the start of the performance period.

The fair value for LTI performance rights and options granted to the Executive KMP was based on the fair value at 17 March 2017 being the grant date. The factors and assumptions used in determining the fair value are set out in note 5.5 to the financial statements. Each option has an exercise price of $1.21.

Remuneration Report *(cont.)*

5.3 LTI awards made in FY2017 *(cont.)*

Details of the LTI awards which were granted to Executive KMP on 17 March 2017 are shown below:

Executive KMP	Number of rights granted	Number of options granted	Performance hurdle	Fair value per right at grant date[1]	Fair value per option at grant date[1]	Latest Vesting date
Paul Flynn	139,724	455,521	TSR	$2.31	$1.58	30 June 2019
	139,723	455,520	TSR	$2.20	$1.56	30 June 2020
	279,446	911,040	Costs hurdle[2]	$2.56	$1.64	30 June 2019
			Costs hurdle[2]	$2.46	$1.60	30 June 2020
Kevin Ball	50,579	164,895	TSR	$2.31	$1.58	30 June 2019
	50,579	164,894	TSR	$2.20	$1.56	30 June 2020
	101,157	329,788	Costs hurdle[2]	$2.56	$1.64	30 June 2019
			Costs hurdle[2]	$2.46	$1.60	30 June 2020
Timothy Burt	42,992	140,161	TSR	$2.31	$1.58	30 June 2019
	42,992	140,160	TSR	$2.20	$1.56	30 June 2020
	85,983	280,320	Costs hurdle[2]	$2.56	$1.64	30 June 2019
			Costs hurdle[2]	$2.46	$1.60	30 June 2020
Brian Cole	55,890	182,209	TSR	$2.31	$1.58	30 June 2019
	55,889	182,208	TSR	$2.20	$1.56	30 June 2020
	111,779	364,416	Costs hurdle[2]	$2.56	$1.64	30 June 2019
			Costs hurdle[2]	$2.46	$1.60	30 June 2020
Jamie Frankcombe	84,640	275,941	TSR	$2.31	$1.58	30 June 2019
	84,640	275,940	TSR	$2.20	$1.56	30 June 2020
	169,280	551,880	Costs hurdle[2]	$2.56	$1.64	30 June 2019
			Costs hurdle[2]	$2.46	$1.60	30 June 2020
Scott Knights	43,389	141,454	TSR	$2.31	$1.58	30 June 2019
	43,388	141,453	TSR	$2.20	$1.56	30 June 2020
	86,777	282,907	Costs hurdle[2]	$2.56	$1.64	30 June 2019
			Costs hurdle[2]	$2.46	$1.60	30 June 2020

1 The fair value for awards granted to the Executive KMP is based on the fair value at 17 March 2017 being the grant date. The factors and assumptions used in determining the fair value are set out in note 5.5 to the financial statements. The options have an exercise price of $1.21.

2 To the extent that the Costs Target Hurdle is satisfied at the end of FY2019, 50% of the Costs Target Awards will vest and become exercisable immediately and the remaining 50% will continue on foot, subject to a further one year service condition.

6. Non-Executive Director remuneration

This section explains the fees paid to Non-executive Directors during FY2017.

6.1 Setting Non-executive Director fees

Non-executive Directors fees are designed to ensure that the Company can attract and retain suitably qualified and experienced Non-executive Directors.

Non-executive Directors do not receive shares, share options or any performance-related incentives as part of their fees from the Company. Although there is no formal minimum shareholding, Non-executive Directors are strongly encouraged to hold shares.

Non-executive Directors are also entitled to be reimbursed for travel and other expenses reasonably incurred when attending meetings of the Board or in connection with the business of the Company.

The Remuneration Committee reviews and makes recommendations to the Board with respect to Non-executive Directors' fees and Committee fees.

In 2012 the shareholders approved a total aggregate maximum amount of Non-executive Directors' fees of $2,500,000 per annum. No change is being sought to the total aggregate Non-executive Directors' fee pool for FY2018.

6.2 Current Non-executive Director fee levels and fee pool

The table below sets out the Board and Committee fees in Australian dollars for FY2018.

The Board has reviewed Non-executive Directors fees for FY2018 against the market. The company had not increased Directors fees since the 2012 merger. For the upcoming financial year the Board Chairman's fee has been increased by $25,000, and the Remuneration Committee and Health, Safety, Environment & Community Committee Chairman and member fees have been aligned with Audit & Risk Management Committee fees to reflect the workload of those Committees.

	Chairman	Deputy Chairman	Member
Board	$375,000[1]	$262,500[1]	$140,000
Audit & Risk Management Committee	$40,000	–	$20,000
Remuneration Committee	$40,000	–	$20,000
Governance & Nominations Committee	No fee	–	No fee
Health, Safety, Environment & Community Committee	$40,000	–	$20,000

1 The Chairman and Deputy Chairman of the Board do not receive Committee fees in addition to their Board fees.

The fees set out above exclude mandatory statutory superannuation contributions made on behalf of the Non-executive Directors.

In addition to the meetings that the Non-executive Directors attended (as shown on page 4), the Non-executive Directors participated in site visits to mines, coal handling and preparation plants and participated in the Company's annual safety day.

6.3 Non-executive Director fees – statutory disclosures

The statutory disclosures required under the Corporations Act and in accordance with the Accounting Standards are set out in the table below.

		Short-term benefits			Post-employment benefits		
In AUD	**FY**	**Board & Committee fees**	**Non-monetary benefits**	**Other benefits (non-cash)**	**Super-annuation benefits**	**Termination benefits**	**Total fees for services as a Non-executive Director**
NON-EXECUTIVE DIRECTORS							
The Hon. Mark Vaile AO (Chairman)	2017	350,000	–	–	19,616	–	369,616
	2016	350,000	–	–	19,308	–	369,308
John Conde AO (Deputy Chairman)	2017	262,500	–	–	19,616		282,116
	2016	262,500	–	–	19,308		281,808
Dr Julie Beeby[1]	2017	152,500	–	–	14,487	–	166,987
	2016	145,869	–	–	13,858	–	159,727
Tony Haggarty	2017	185,000	–	–	17,575	–	202,575
	2016	185,000	–	–	17,575	–	202,575
Christine McLoughlin	2017	177,500	–	–	16,862		194,362
	2016	177,500	–	–	16,863		194,363
Raymond Zage	2017	–[2]	–	–	–	–	–
	2016	–[2]	–	–	–	–	–
Rick Gazzard[3]	2017	–[3]	–	–	–	–	–
	2016	14,375	–	–	1,366	–	15,741
Total	**2017**	**1,127,500**	**–**	**–**	**88,156**	**–**	**1,215,656**
	2016	**1,135,244**	**–**	**–**	**88,278**	**–**	**1,223,522**

1 Appointed 17 July 2015.
2 Mr Zage elected not to receive any Board & Committee fees in FY2017 and FY2016.
3 Resigned 16 July 2015.

Remuneration Report *(cont.)*

7. Related party transactions and additional disclosures

7.1 Loans with Executive KMP and Non-executive Directors

There were no loans outstanding to any Executive KMP or any Non-executive Director or their related parties, at any time in the current or prior reporting periods.

7.2 Other KMP transactions

Apart from the details disclosed in this report, no Executive KMP or Non-executive Director or their related parties have entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving those people's interests existing at year end.

7.3 Movement in options and rights over equity instruments held by Executive KMP

The movement during the reporting period, by number and value of equity instruments in the Company held by each Executive KMP is detailed below.

Executive KMP	Instrument	Balance as at 1 July 2016 (number)	Granted (number)	Granted (value)	Vested during the year (number)	Exercised (number)	Exercised (value)	Lapsed (number)	Lapsed (year of grant)	Balance as at 30 June 2017 (number)	Vested and exercisable at 30 June 2017
			(A)	(B) $			(C) $		(D)		
Paul Flynn	Performance Rights (LTI)	2,331,145	558,893	1,331,563	–	–	–	295,455[1]	2013	2,594,583	–
	Options (LTI)	–	1,822,081	2,906,219	–	–	–	–	–	1,822,081	–
	Deferred Rights (STI)	263,907	191,417	231,615	166,596	–	–	–	–	455,324	166,596
	Deferred Shares (STI)	63,205	–	–	63,205	63,205	121,354	–	–	–	–
Kevin Ball	Performance Rights (LTI)	742,446	202,315	482,015	–	–	–	48,190[1]	2013	896,571	–
	Options (LTI)	–	659,577	1,052,025	–	–		–	–	659,577	–
	Deferred Rights (STI)	104,652	83,602	101,158	66,861	66,861	86,251	–	–	121,393	–
	Deferred Shares (STI)	9,575	–	–	9,575	9,575	18,384	–	–	–	–
Timothy Burt	Performance Rights (LTI)	790,714	171,967	409,711	20,957	20,957[2]	40.237	94,684[3]	2012 & 2013	847,040	–
	Options (LTI)	–	560,641	894,222	–	–		–	–	560,641	–
	Deferred Rights (STI)	104,652	73,971	89,505	66,861	–	–	–	–	178,623	66,861
	Deferred Shares (STI)	16,968	–	–	16,968	16,968	32,579	–	–	–	–
Brian Cole	Performance Rights (LTI)	1,041,734	223,558	532,627	28,678	28,678[2]	55,062	129,585[3]	2012 & 2013	1,107,029	–
	Options (LTI)	–	728,833	1,162,489	–	–		–	–	728,833	–
	Deferred Rights (STI)	136,047	88,271	106,808	86,919	–	–	–	–	224,318	86,919
	Deferred Shares (STI)	23,298	–	–	23,298	23,298	44,732	–	–	–	–
Jamie Frankcombe	Performance Rights (LTI)	1,414,626	338,560	806,619	–	–	–	156,250[1]	2013	1,596,936	–
	Options (LTI)	–	1,103,761	1,760,499	–	–		–	–	1,103,761	–
	Deferred Rights (STI)	171,272	129,448	156,632	102,594	–	–	–	–	300,720	102,594
	Deferred Shares (STI)	34,143	–	–	34,143	34,143	65,555	–	–	–	–
Scott Knights	Performance Rights (LTI)	553,552	173,554	413,493	–	–	–	–	–	727,106	–
	Options (LTI)	–	565,814	902,473	–	–		–	–	565,814	–
	Deferred Rights (STI)	79,530	68,634	83,047	51,127	51,127	65,954	–	–	97,037	–

(A) The number of rights granted during FY2017 includes:

a. The FY2016 LTI awards. Further details are provided in section 5.3; and.

b. the Deferred Equity component of the FY2016 STI award, calculated by reference to the volume weighted average price of the Company's shares for the 20 day trading period commencing 10 trading days prior to 30 June 2016. The granting of rights occurred on 17 March 2017. Further details are provided in section 5.2.

(B) The value of LTI performance rights granted in the year is the fair value of the performance rights at grant date.

The value of deferred STI rights granted in the year has been calculated using the volume weighted average price of the Company's shares for the 20 day trading period commencing 10 trading days prior to 30 June 2016.

Unvested LTI and STI awards have a minimum value of zero if they do not meet the relevant performance or service conditions.

The maximum value of unvested LTI and STI awards is the sale price of the Company's shares at the date of vesting, or where applicable, exercise (plus the value of any dividend equivalent payment attaching to the award on vesting or, where applicable exercise).

(C) Tranche 3 of the 2012 LTI performance rights vested at a rate of 68%. The value of LTI performance rights vested in the year is the fair value of the performance rights at grant date.

Tranche 1 and the contingent portion of the FY2015 STI Deferred Equity rights vested during the period. The vested value of rights exercised has been calculated using the volume weighted average price of the Company's shares for the 20 day trading period commencing 10 trading days prior to 1 July 2015.

Tranche 2 of the FY2014 STI Deferred Shares vested during the period. The vested value has been calculated using the volume weighted average price of the Company's shares for the 20 day trading period commencing 10 trading days prior to the effective grant date of 27 August 2014.

(D) The year in which the lapsed performance rights, options or deferred shares were granted.

1 The 2013 LTI Rights TSR Tranche 1 lapsed due to the performance condition not being met.

2 The 2012 LTI Rights TSR Tranche 3 vested in September 2016 at a rate of 68%.

3 The 2013 LTI Rights TSR Tranche 1 award lapsed and 32% of 2012 LTI Rights TSR Tranche 3 award lapsed due to the performance conditions not being met.

7.4 Additional disclosures relating to ordinary shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each Executive KMP and each Non-executive Director, including their related, parties is as follows:

No. of shares	Held at 1 July 2016	Received on vesting and exercise of STI/LTI	Received as remuneration	Other net change	Held at 30 June 2017
DIRECTORS					
Mark Vaile	2,567,767	–	–	(524,635)	2,043,132
John Conde	888,620	–	–	–	888,620
Dr Julie Beeby	55,000	–	–	–	55,000
Paul Flynn	383,792[1]	–	–	–	383,792
Tony Haggarty	21,796,293	–	–	(9,861,808)	11,934,485
Christine McLoughlin	55,000	–	–	20,000	75,000
Raymond Zage	–	–	–	–	–
EXECUTIVE					
Kevin Ball	124,150[1]	66,861	–	(55,000)	136,011
Timothy Burt	224,129[1]	20,957	–	(17,530)	227,556
Brian Cole	59,096[1]	28,678	–	–	87,774
Jamie Frankcombe	427,650[1]	–	–	(52,687)	374,963
Scott Knights	40,000	51,127	–	(91,127)	–

1 Includes shares subject to restrictions granted as part of the FY2014 STI which were held by the Whitehaven Coal Limited Equity Incentive Plan Trust.

Signed in accordance with a resolution of the Directors:

The Hon. Mark Vaile AO
Chairman

Dated at Sydney this 17th day of August 2017

Auditors Independence Declaration

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

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

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

As lead auditor for the audit of Whitehaven Coal Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, that there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Whitehaven Coal Limited and the entities it controlled during the financial year.

Ernst & Young

Ryan Fisk
Partner
17 August 2017

Financial Report

For the year ended 30 June 2017

Table of Contents

Notes to the Consolidated Financial Statements Index

Consolidated statement of comprehensive income

For the year ended 30 June 2017

	NOTE	2017 $'000	2016 $'000
Revenue	*2.1*	1,773,242	1,164,437
Other income		7,698	8,356
Operating expenses		(555,675)	(509,815)
Coal purchases		(33,416)	(5,616)
Selling and distribution expenses		(311,947)	(314,248)
Government royalties		(133,407)	(88,155)
Impairment of assets	*2.2*	(54,963)	–
Administrative expenses		(24,423)	(26,321)
Depreciation and amortisation		(133,882)	(130,385)
Other expenses		(7,848)	(4,505)
Profit before net financial expense		**525,379**	**93,748**
Financial income		1,409	1,056
Financial expenses		(51,362)	(67,130)
Net financial expense	*5.2*	**(49,953)**	**(66,074)**
Profit before tax		**475,426**	**27,674**
Income tax expense	*2.3(a)*	(70,059)	(7,186)
Net profit for the year		**405,367**	**20,488**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges	*5.2*	2,618	1,186
Income tax effect	*2.3(b)*	(785)	(356)
Other comprehensive income for the period, net of tax	*5.2*	**1,833**	**830**
Total comprehensive income for the period, net of tax		**407,200**	**21,318**
Net profit for the period attributable to:			
Owners of the parent		406,445	20,488
Non-controlling interests		(1,078)	–
Total comprehensive income for the period, net of tax attributable to:			
Owners of the parent		408,278	21,318
Non-controlling interests		(1,078)	–
Earnings per share:			
Basic earnings per share (cents per share)	*2.4*	41.2	2.1
Diluted earnings per share (cents per share)	*2.4*	40.7	2.1

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2017

	NOTE	2017 $'000	2016 $'000
Assets			
Cash and cash equivalents		87,138	101,453
Trade and other receivables[1]	3.1	113,278	62,119
Inventories	3.2	99,144	68,737
Derivative financial instruments	5.3(d)	2,413	351
Total current assets		**301,973**	**232,660**
Trade and other receivables[1]	3.1	10,853	15,381
Investments		37	37
Property, plant and equipment	4.1	3,442,467	3,497,613
Exploration and evaluation	4.2	156,781	206,583
Intangible assets	4.3	22,200	19,818
Deferred tax assets	2.3(c)	32,729	103,573
Total non-current assets		**3,665,067**	**3,843,005**
Total assets		**3,967,040**	**4,075,665**
Liabilities			
Trade and other payables	3.3	166,054	135,928
Interest bearing loans and borrowings[1]	5.1	23,560	18,223
Employee benefits	7.1	20,071	16,872
Provisions	4.4	5,188	7,260
Derivative financial instruments	5.3(e)	582	1,138
Total current liabilities		**215,455**	**179,421**
Non-current liabilities			
Interest bearing loans and borrowings[1]	5.1	374,715	922,532
Provisions	4.4	84,574	84,996
Total non-current liabilities		**459,289**	**1,007,528**
Total liabilities		**674,744**	**1,186,949**
Net assets		**3,292,296**	**2,888,716**
Equity			
Issued capital	5.4(a)	3,136,941	3,144,944
Share based payments reserve		7,827	18,417
Hedge reserve		1,282	(551)
Retained earnings		146,246	(275,172)
Equity attributable to owners of the parent		**3,292,296**	**2,887,638**
Non-controlling interest		–	**1,078**
Total equity		**3,292,296**	**2,888,716**

1 The comparative period has been restated to reclassify capitalised prepaid borrowing costs from 'Trade and other receivables' to reduce 'Interest bearing loans and borrowings'. Current and non-current 'Trade and other receivables' as at 30 June 2016 as previously reported was $68.3m and $29.0m respectively. This has been reduced by $6.2m and $13.6m respectively to align with the current year's presentation. Correspondingly, current and non-current 'Interest bearing loans and borrowings' as at 30 June 2016 has decreased by $6.2m and $13.6m respectively.

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2017

	NOTE	Issued Capital $'000	Share Based Payment Reserve $'000	Hedge Reserve $'000	Retained Earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Opening balance at 1 July 2015		**3,146,147**	**36,543**	**(1,381)**	**(317,353)**	**2,863,956**	**1,078**	**2,865,034**
Profit for the period		–	–	–	20,488	20,488	–	20,488
Other comprehensive income		–	–	830	–	830	–	830
Total comprehensive income for the year		–	–	**830**	**20,488**	**21,318**	**–**	**21,318**
Transactions with owners in their capacity as owners:								
Share based payments	*5.5(a)*	–	3,715	–	–	3,715	–	3,715
Transfer on exercise of share based payments		148	(464)	–	316	–	–	–
Transfer on lapse of share based payments		–	(21,377)	–	21,377	–	–	–
Purchase of shares through employee share plan	*5.4(a)*	(1,351)	–	–	–	(1,351)	–	(1,351)
Closing balance at 30 June 2016		**3,144,944**	**18,417**	**(551)**	**(275,172)**	**2,887,638**	**1,078**	**2,888,716**
Opening balance at 1 July 2016		**3,144,944**	**18,417**	**(551)**	**(275,172)**	**2,887,638**	**1,078**	**2,888,716**
Profit for the period		–	–	–	406,445	406,445	(1,078)	405,367
Other comprehensive income		–	–	1,833	–	1,833	–	1,833
Total comprehensive income for the year		**–**	**–**	**1,833**	**406,445**	**408,278**	**(1,078)**	**407,200**
Transactions with owners in their capacity as owners:								
Share based payments	*5.5(a)*	–	4,760	–	–	4,760	–	4,760
Transfer on exercise of share based payments		377	(1,170)	–	793	–	–	–
Transfer on lapse of share based payments		–	(14,180)	–	14,180	–	–	–
Purchase of shares through employee share plan	*5.4(a)*	(8,380)	–	–	–	(8,380)	–	(8,380)
Closing balance at 30 June 2017		**3,136,941**	**7,827**	**1,282**	**146,246**	**3,292,296**	**–**	**3,292,296**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2017

	NOTE	2017 $'000	2016 $'000
Cash flows from operating activities			
Cash receipts from customers		1,737,063	1,188,341
Cash paid to suppliers and employees		(1,081,737)	(919,010)
Cash generated from operations		655,326	269,331
Interest paid		(49,087)	(56,123)
Interest received		1,405	1,056
Income taxes paid		–	(42,331)
Net cash from operating activities	*3.4*	**607,644**	**171,933**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		971	902
Purchase of property, plant and equipment		(89,462)	(88,867)
Exploration and evaluation expenditure		(5,161)	(5,107)
Net cash used in investing activities		**(93,652)**	**(93,072)**
Cash flows from financing activities			
Purchase of shares		(8,380)	(1,351)
Proceeds from borrowings	*5.1*	18,687	9,450
Repayment of borrowings		(519,299)	(73,610)
Payment of finance facility upfront costs		(607)	(787)
Payment of finance lease liabilities		(18,708)	(13,503)
Net cash used in financing activities		**(528,307)**	**(79,801)**
Net change in cash and cash equivalents		(14,315)	(940)
Cash and cash equivalents at 1 July		101,453	102,393
Cash and cash equivalents at 30 June		**87,138**	**101,453**

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2017

1. About this report

1.1 Reporting entity

Whitehaven Coal Limited ('Whitehaven' or 'Company) is a for-profit entity, and the principal activity of Whitehaven and its controlled entities (referred to as the 'Group') is the development and operation of coal mines in New South Wales. The consolidated general purpose financial report of the Group for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 17 August 2017. Whitehaven Coal Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The address of the Company's registered office is Level 28, 259 George Street, Sydney NSW 2000.

1.2 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report also complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available for sale financial assets that have been measured at fair value (refer to note 5.3).

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and dated 24 March 2016 and in accordance with that Class Order, all financial information has been presented in Australian dollars and rounded to the nearest thousand dollars unless otherwise stated.

1.3 Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Judgements and estimates which are material to the financial report are found in the following notes:

2.3	**Taxes**	page 101
4.1	**Property, plant and equipment**	page 107
4.2	**Exploration and evaluation**	page 108
4.4	**Provisions**	page 110
6.1	**Group's subsidiaries and interests in joint operations**	page 124

1.4 Summary of other significant accounting policies

The accounting policies set out below, and in the notes, have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all subsidiaries in the Group. Other significant accounting policies are contained in the notes to the consolidated financial statements to which they relate.

i. Basis of consolidation

The consolidated financial report of the Company for the financial year ended 30 June 2017 comprises the Company and its subsidiaries and the Group's interest in joint operations (together referred to as the 'Group').

ii. Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income.

Both the functional and presentation currency of the Company and of all entities in the Group is Australian dollars ($).

iii. Goods and services tax

Revenues, expenses and assets (excluding receivables) are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

iv. Notes to the consolidated financial statements

The notes to these consolidated financial statements have been organised into logical groupings to present more meaningful and dynamic information to users. To the extent possible the relevant accounting policies and numbers have been provided in the same note. The Group has also reviewed the notes for materiality and relevance and provided additional information where considered material and relevant to the operations, financial position and performance of the Group.

2. Group performance

2.1 Segment reporting

Identification of reportable segments

The Group identifies its operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources. The performance of operating segments is evaluated at least monthly based on revenues and profit before taxes and is measured in accordance with the Group's accounting policies.

The Group has determined that it has two reportable segments: Open Cut Operations and Underground Operations.

Unallocated operations includes coal trading, corporate, marketing and infrastructure functions which are managed on a group basis and are not allocated to reportable segments.

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.

The following table represents revenue and profit information for reportable segments:

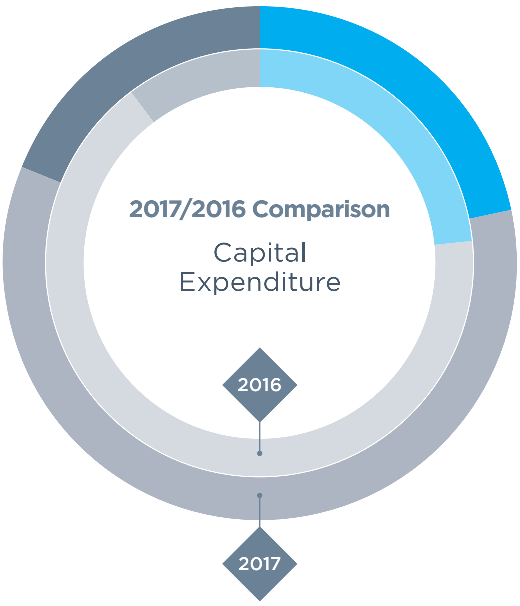
	Open Cut operations	Underground operations	Unallocated operations	Total
YEAR ENDED 30 JUNE 2017	**$'000**	**$'000**	**$'000**	**$'000**
Revenue				
Sales to external customers	1,216,746	515,669	40,827	1,773,242
Total segment revenue	1,216,746	515,669	40,827	1,773,242
Total revenue per consolidated statement of comprehensive income				**1,773,242**
Result				
Segment result	484,042	238,031	(7,849)	714,224
Depreciation and amortisation				(133,882)
Income tax expense				(70,059)
Significant items before income tax and financing *(see note 2.2)*				(54,963)
Net finance expense				(49,953)
Net profit after tax per consolidated statement of comprehensive income				**405,367**
Capital expenditure				
Segment expenditure	19,926	54,609	17,279	**91,814**

OVERVIEW
STRATEGY
OPERATIONS
SUSTAINABILITY
RESOURCES & RESERVES
LEADERSHIP & MANAGEMENT
FINANCIAL REPORT

2. Group performance *(cont.)*

2.1 Segment reporting *(cont.)*

YEAR ENDED 30 JUNE 2016	Open Cut operations $'000	Underground operations $'000	Unallocated operations $'000	Total $'000
Revenue				
Sales to external customers	771,036	397,207	(3,806)	1,164,437
Total segment revenue	771,036	397,207	(3,806)	1,164,437
Total revenue per consolidated statement of comprehensive income				**1,164,437**
Result				
Segment result	129,759	116,203	(21,829)	224,133
Depreciation and amortisation				(130,385)
Income tax benefit				(7,186)
Net finance expense				(66,074)
Net profit after tax per consolidated statement of comprehensive income				**20,488**
Capital expenditure				
Segment expenditure	19,117	54,074	8,230	**81,421**



REPORTABLE SEGMENTS 2017

- Open Cut Operations **$19,926**
- Underground Operations **$54,609**
- Unallocated Operations **$17,279**

TOTAL CAPITAL EXPENDITURE $91,814

REPORTABLE SEGMENTS 2016

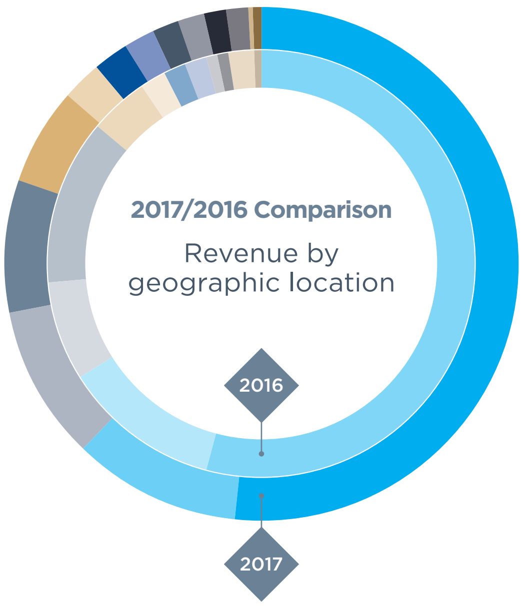
- Open Cut Operations **$19,117**
- Underground Operations **$54,074**
- Unallocated Operations **$8,230**

TOTAL CAPITAL EXPENDITURE $81,421

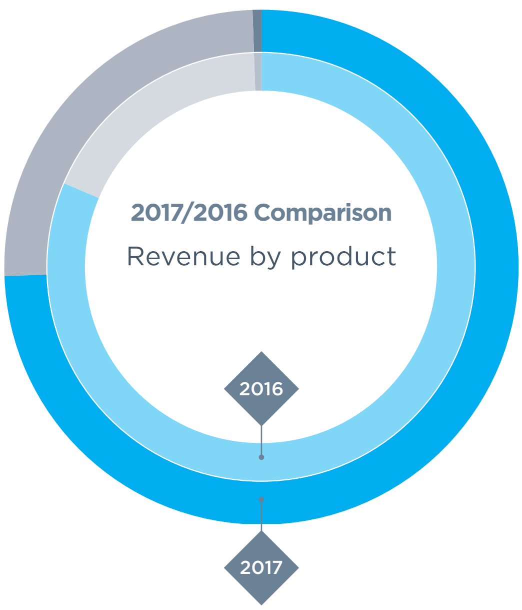
2.1 Segment reporting *(cont.)*

Other segment information

Revenue from external customers is attributed to geographic location based on final shipping destination.



	2017 $'000	2016 $'000
Revenue by geographic location		
Japan	921,048	631,524
Taiwan	185,686	141,122
India	171,474	84,522
Korea	148,010	148,496
China	108,952	50,928
Chile	44,729	20,710
Malaysia	39,972	20,962
Other	30,589	18,377
Vietnam	31,427	–
Noumea	29,843	9,358
Indonesia	24,382	11,925
Australia	25,071	–
Mexico	6,316	21,636
Domestic	5,743	4,877
Total revenue	**1,773,242**	**1,164,437**



	2017 $'000	2016 $'000
Revenue by product		
Thermal	1,321,188	950,398
Metallurgical	446,311	209,162
Domestic	5,743	4,877
Total revenue	**1,773,242**	**1,164,437**

2. Group performance *(cont.)*

2.1 Segment reporting *(cont.)*

Major customers

The Group has three major customers which account for 30.5% (2016: 34.4%) of external revenue.

Recognition and measurement:

Revenue from the sale of coal is recognised and measured at the fair value of consideration received or receivable to the extent that:

i. it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured;

ii. the significant risks and rewards of ownership have been transferred to the buyer; and

iii. transfer of risk and rewards are considered to have passed to the buyer under the terms of the individual contracts.

2.2 Significant items

The items below are significant to the understanding of the overall results of the consolidated group. The Company believes the disclosure of these items provides readers of the financial statements with further meaningful insights to understand the financial performance of the Group.

Included within the balances presented on the face of the Consolidated Statement of Comprehensive Income:

	NOTE	2017 $'000	2016 $'000
Impairment of assets:			
Impairment of exploration and related assets[1]		(54,963)	–
Significant items before tax		(54,963)	–
Applicable income tax benefit		16,490	–
Recognition of unbooked tax losses[2]		76,672	
Significant items after tax		**38,199**	–

1 During the year ended 30 June 2017, an impairment charge of $55m was recognised in respect of early stage exploration assets. The impairment charge reflects the Group's current focus on Vickery and brownfield expansion opportunities. As a consequence, the development of early stage exploration projects, although prospective, is not imminent.

2 During the year ended 30 June 2017, the Group recognised a deferred tax asset in respect of previously unrecognised income tax losses. The recognition of these tax losses was in accordance with the principles of AASB 112 Income taxes which requires the recognition of a deferred tax asset in respect of tax losses where sufficient taxable temporary differences exist or utilisation of the income tax losses is probable in the foreseeable future.

2.3 Taxes

a. Income tax (expense)/benefit

	2017 $'000	2016 $'000
Current tax (expense)/benefit		
Current period	(148,029)	25,691
Deferred tax benefit/(expense)		
Origination and reversal of temporary differences	1,298	(34,862)
Adjustment for prior periods	–	1,985
Recognition of tax losses	76,672	–
Income tax expense reported in the consolidated statement of comprehensive income	**(70,059)**	**(7,186)**
Reconciliation between tax expense and profit before tax		
Profit before tax	475,426	27,674
Income tax expense using the Company's domestic tax rate of 30% (2016: 30%)	(142,628)	(8,302)
Non-deductible expenses:		
Share based payments	(1,428)	(1,115)
Other non-deductible expenses/adjustments	(2,675)	246
Recognition of tax losses	76,672	–
Over provided in prior periods	–	1,985
Total income tax expense	**(70,059)**	**(7,186)**

b. Income tax recognised directly in other comprehensive income

	2017 $'000	2016 $'000
Deferred income tax related to items charged directly to equity		
Derivatives	(785)	(356)
Income tax expense recorded in equity	(785)	(356)

2. Group performance *(cont.)*

2.3 Taxes *(cont.)*

c. Recognised tax assets and liabilities

	2017 Current income tax payable	2017 Deferred income tax	2016 Current income tax payable	2016 Deferred income tax
	$'000	$'000	$'000	$'000
Opening balance	–	103,573	(42,331)	111,115
Charged to income – corporate tax	(148,029)	1,298	25,691	(34,862)
Charged to equity	–	(785)	–	(356)
(Utilisation)/recognition of deferred tax asset on current year losses	148,029	(148,029)	(25,691)	25,691
Recognition of tax losses	–	76,672	–	–
Over provided in prior periods	–	–	–	1,985
Payments	–	–	42,331	–
Closing balance	**–**	**32,729**	**–**	**103,573**

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

	Assets		Liabilities	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Property, plant and equipment	–	–	(319,062)	(302,459)
Exploration and evaluation	9,424	13,539	–	–
Receivables	–	–	(1,998)	(1,696)
Investments	358	358	–	–
Deferred stripping	–	–	(2,299)	(2,356)
Derivatives	–	–	–	(236)
Deferred foreign exchange gain	456	–	–	(294)
Provisions	32,153	30,943	–	–
Tax losses	305,320	356,815	–	–
Other items	8,377	8,959	–	–
Tax assets/(liabilities)	356,088	410,614	(323,359)	(307,041)
Set off of tax (liabilities)/assets	(323,359)	(307,041)	323,359	307,041
Net tax assets	**32,729**	**103,573**	**–**	**–**

d. Unrecognised deferred tax assets

During the year the Group recognised a deferred tax asset of $76.7m in respect of previously unrecognised income tax losses. Following the recognition of this amount there were no unrecognised income tax losses at 30 June 2017 (2016: $76.7m).

Recognition and measurement:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in the net profit or loss for the year.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities based on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date.

Deferred tax

Deferred tax expense is the movement in the temporary differences between the carrying amount of an asset or liability in the consolidated statement of financial position and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets, including unused tax losses, are recognised in relation to deductible temporary differences and carried forward income tax losses only to the extent that it is probable that sufficient future taxable profits will be available to utilise them. Deferred tax assets and liabilities are not recognised for taxable temporary differences that arise from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither accounting profit nor the taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates and laws that have been enacted or substantively enacted at the balance date.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Tax consolidation

Whitehaven Coal Limited and its wholly owned Australian resident subsidiaries have formed a tax consolidated group with effect from 29 May 2007 and are therefore taxed as a single entity from that date. Whitehaven Coal Limited is the head entity of the tax consolidated group. The entities within the tax consolidated group have entered into a tax sharing arrangement which provides for the allocation of income tax liabilities between the entities, should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

The entities within the tax consolidated group have also entered into a tax funding agreement. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Under the terms of the tax funding arrangement Whitehaven Coal Limited and each of the entities in the tax consolidated group have agreed to pay (or receive) a tax equivalent payment to (or from) the head entity, based on the current tax liability or current tax asset of the entity.

Whitehaven Coal Limited and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The amounts are measured as if each entity in the tax consolidated group continues to be a standalone tax payer in its own right. The current tax balances are then transferred to Whitehaven Coal Limited via intercompany balances.

Significant accounting judgements, estimates and assumptions

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, rehabilitation costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognised which may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

2. Group performance *(cont.)*

2.4 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year calculated as follows:

	2017	2016
Profit attributable to ordinary shareholders		
Net profit attributable to ordinary shareholders ($'000)	406,445	20,488
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July (000's)	992,026	992,026
Effect of shares acquired during the year (000's)	(5,959)	(1,554)
Weighted average number of ordinary shares at 30 June (000's)	**986,067**	**990,472**
Basic earnings per share attributable to ordinary shareholders (cents)	**41.2**	**2.1**

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding adjusted for the diluting impact of potential equity instruments calculated as follows:

	2017	2016
Profit attributable to ordinary shareholders (diluted)		
Net profit attributable to ordinary shareholders (diluted) ($'000)	406,445	20,488
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic) (000's)	986,067	990,472
Effect of share options/performance rights on issue (000's)	12,902	8,612
Weighted average number of ordinary shares (diluted) (000's)	**998,969**	**999,084**
Diluted earnings per share attributable to ordinary shareholders (cents)	**40.7**	**2.1**

3. Working capital and cash flows

3.1 Trade and other receivables

	2017 $'000	2016 $'000
Current		
Trade receivables	84,570	47,586
Other receivables and prepayments	18,674	9,758
Receivables due from joint operations	10,034	4,775
	113,278	**62,119**
Non-current		
Other receivables and prepayments	**10,853**	**15,381**

Recognition and measurement:

Trade receivables, which generally have between 5 and 21 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. Recoverability of trade receivables is reviewed on an ongoing basis.

3.2 Inventories

Coal stocks[1]	73,671	44,536
Consumables and stores	25,473	24,201
	99,144	**68,737**

1 Coal stocks include run of mine and product coal.

Recognition and measurement:

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of coal inventories is determined using a weighted average basis. Cost includes direct material, overburden removal, mining, processing, labour, mine rehabilitation costs incurred in the extraction process and other fixed and variable overhead costs directly related to mining activities. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the tonnes of contained coal are based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

3.3 Trade and other payables

Current		
Trade payables	64,902	57,241
Other payables and accruals	101,152	78,687
	166,054	**135,928**

Recognition and measurement:

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when goods and services are received, whether or not billed to the Group, prior to the end of the reporting period. Due to their short-term nature they are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

3. Working capital and cash flows *(cont.)*

3.4 Reconciliation of cash flows from operating activities

	NOTE	2017 $'000	2016 $'000
Profit for the period		405,367	20,488
Adjustments for:			
Depreciation and amortisation		133,882	130,385
Amortisation of deferred development costs	*4.1*	55,389	55,134
Development costs deferred	*4.1*	(86,206)	(65,798)
Write-off of finance facility upfront costs		1,194	–
Amortisation of finance facility upfront costs		5,999	6,835
Non cash interest expense accruals		(6,718)	1,925
Foreign exchange losses unrealised		4,571	770
Write-off of assets	*2.2*	54,963	–
Unwinding of discounts on provisions	*4.4*	1,882	2,327
Share-based compensation payments	*5.5(a)*	4,760	3,715
Gain on sale of non-current assets		(227)	–
Subtotal		**574,856**	**155,781**
Change in trade and other receivables		(46,617)	21,590
Change in inventories and deferred stripping		(28,224)	29,539
Change in trade and other payables		35,066	(1,543)
Change in provisions and employee benefits		2,504	1,711
Change in tax payable		–	(42,331)
Change in deferred taxes		70,059	7,186
Cash flows from operating activities		**607,644**	**171,933**

Recognition and measurement:

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents is equal to the balance disclosed in the consolidated statement of financial position.

4. Resource assets and liabilities

4.1 Property, plant and equipment

YEAR ENDED 30 JUNE 2017	Freehold land $'000	Plant and equipment $'000	Leased plant and equipment $'000	Mining property and development $'000	Subtotal $'000	Deferred development $'000	Deferred stripping $'000	Subtotal $'000	Total $'000
Cost									
Balance at 1 July 2016	162,457	777,551	129,683	2,861,031	**3,930,722**	318,571	777,218	**1,095,789**	**5,026,511**
Additions	14,746	54,716	46	17,183	**86,691**	86,206	330,670	**416,876**	**503,567**
Transfers	(5,282)	24,599	–	(19,317)	**–**	–	–	**–**	**–**
Transfer to intangible assets	–	(2,501)	–	–	**(2,501)**	–	–	**–**	**(2,501)**
Revisions in rehabilitation assets	–	–	–	(1,515)	**(1,515)**	–	–	**–**	**(1,515)**
Disposals	–	(3,633)	(39,710)	–	**(43,343)**	–	–	**–**	**(43,343)**
Balance at 30 June 2017	171,921	850,732	90,019	2,857,382	**3,970,054**	404,777	1,107,888	**1,512,665**	**5,482,719**
Accumulated depreciation									
BALANCE AT 1 JULY 2016	–	(244,678)	(45,923)	(246,175)	**(536,776)**	(222,757)	(769,365)	**(992,122)**	**(1,528,898)**
Depreciation charge for the year	–	(47,143)	(9,377)	(81,553)	**(138,073)**	(55,389)	(330,861)	**(386,250)**	**(524,323)**
Disposals	–	2,506	10,463	–	**12,969**	–	–	**–**	**12,969**
Balance at 30 June 2017	–	(289,315)	(44,837)	(327,728)	**(661,880)**	(278,146)	(1,100,226)	**(1,378,372)**	**(2,040,252)**
Carrying amount at 30 June 2017	171,921	561,417	45,182	2,529,654	**3,308,174**	126,631	7,662	**134,293**	**3,442,467**

4. Resource assets and liabilities *(cont.)*

4.1 Property, plant and equipment *(cont.)*

YEAR ENDED 30 JUNE 2016	Freehold land $'000	Plant and equipment $'000	Leased plant and equipment $'000	Mining property and development $'000	Subtotal $'000	Deferred development $'000	Deferred stripping $'000	Subtotal $'000	Total $'000
Cost									
Balance at 1 July 2015	156,857	566,149	129,683	3,011,883	**3,864,572**	252,773	508,480	**761,253**	**4,625,825**
Additions	4,362	42,632	–	40,299	**87,293**	65,798	268,738	**334,536**	**421,829**
Transfer to plant and equipment	1,238	189,913	–	(191,151)	**–**	–	–	**–**	**–**
Disposals	–	(21,143)	–	–	**(21,143)**	–	–	**–**	**(21,143)**
Balance at 30 June 2016	162,457	777,551	129,683	2,861,031	**3,930,722**	318,571	777,218	**1,095,789**	**5,026,511**
Accumulated depreciation									
BALANCE AT 1 JULY 2015	–	(219,988)	(35,222)	(172,553)	**(427,763)**	(167,623)	(491,195)	**(658,818)**	**(1,086,581)**
Depreciation charge for the year	–	(45,481)	(10,701)	(73,622)	**(129,804)**	(55,134)	(278,170)	**(333,304)**	**(463,108)**
Disposals	–	20,791	–	–	**20,791**	–	–	**–**	**20,791**
Balance at 30 June 2016	–	(244,678)	(45,923)	(246,175)	**(536,776)**	(222,757)	(769,365)	**(992,122)**	**(1,528,898)**
Carrying amount at 30 June 2016	162,457	532,873	83,760	2,614,856	**3,393,946**	95,814	7,853	**103,667**	**3,497,613**

Recognition and measurement:

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing assets into use. Costs of dismantling and site rehabilitation are also capitalised, if the recognition criteria is met. Subsequent expenditure is capitalised when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation and amortisation is charged to the consolidated statement of comprehensive income on a straight line basis at the rates indicated below. Depreciation commences on assets when it is deemed they are capable of operating in the manner intended by management:

- freehold land — not depreciated
- plant and equipment — 2% – 50%
- leased plant and equipment — 3% – 14%
- mining property and development, deferred development and deferred stripping — units of production

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually. Any changes are accounted for prospectively.

When an asset is surplus to requirements or no longer has an economic value, the carrying amount of the asset is written down to its recoverable amount.

Mining property and development

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable. After transfer, all subsequent mine development expenditures is similarly capitalised, to the extent that commercial viability conditions continued to be satisfied.

Leased plant and equipment

Assets held under lease, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised as property, plant and equipment at the inception of the lease at the lower of the fair value of the leased asset or the estimated present value of the minimum lease payments. Lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

The corresponding finance lease obligation is included within interest bearing liabilities (refer to Note 5.1). Finance charges are recognised as an expense in the consolidated statement of comprehensive income over the lease term to reflect a constant rate of interest over the remaining balance of the obligation.

Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and a reduction of the liability. Ongoing contracted commitments under financing and operating leases are disclosed within Note 7.3.

Deferred development

Deferred development mainly comprises capitalised costs (deferred development expenditure) related to underground mining incurred to expand the capacity of an underground mine and to maintain production.

Deferred stripping

Expenditure incurred to remove overburden or waste material during the production phase of an open cut mining operation is deferred to the extent it gives rise to future economic benefits and charged to operating costs on a units of production basis using the estimated average stripping ratio for the area being mined. Changes in estimates of average stripping ratios are accounted for prospectively. The stripping activity asset is subsequently depreciated on a units of production basis over the life of the identified component of the ore body that became more accessible as a result of the stripping activity.

For the purposes of assessing impairment, deferred stripping assets are grouped with other assets of the relevant cash generating unit.

Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal ('FVLCD'). In assessing FVLCD, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Significant accounting judgements, estimates and assumptions

Recoverable amount of assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and FVLCD. These calculations require the use of estimates and assumptions.

Expected future cash flows used to determine the FVLCD of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and future coal prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves, stripping ratio, production rates and future capital expenditure. It is reasonably possible that these assumptions may change which may then impact the estimated life of mine which could result in a material adjustment to the carrying value of tangible assets.

The determination of FVLCD for a CGU is considered to be a Level 3 fair value measurement, as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

The recoverable amount has been determined by the FVLCD method, determined based on the net present value of the future estimated cash flows. These cash flows are discounted using a real pre-tax discount rate of 11%. The coal prices and foreign exchange rates applied for the first three years of the cash flow estimates are based on detailed financial budgets approved by senior management which includes consideration of external sources. Long term estimates are based on a consideration of third party forecasts and management estimates in respect of long term incentive coal prices in the seaborne export coal market.

Costs to dispose are estimated based on the current market rate applied by advisors in respect of the disposal of mining assets.

Mineral reserves and resources

The estimated quantities of economically recoverable Reserves and Resources are based upon interpretations of geological and geophysical models and require assumptions to be made requiring factors such as estimates of future operating performance, future capital requirements and short and long term coal prices. The Group is required to determine and report Reserves and Resources under the Australian Code for Reporting Mineral Resources and Ore Reserves December 2012 (the JORC Code). The JORC Code requires the use of reasonable investment assumptions to calculate reserves and resources. Changes in reported Reserves and Resources can impact the carrying value of property, plant and equipment, provision for rehabilitation as well as the amount charged for amortisation and depreciation.

4. Resource assets and liabilities *(cont.)*

4.2 Exploration and evaluation

	$'000
Exploration and evaluation assets	
Balance at 1 July 2016	206,583
Exploration and evaluation expenditure	5,161
Impairment	(54,963)
Balance at 30 June 2017	**156,781**
Balance at 1 July 2015	201,346
Exploration and evaluation expenditure	5,237
Balance at 30 June 2016	**206,583**

Exploration and evaluation assets include tenements granted by the Queensland State Government which are subject to periodic relinquishment requirements of up to 20% per year.

During the year ended 30 June 2017, an impairment charge of $55m was recognised in respect of early stage exploration assets, which is not allocated to a segment. Exploration and evaluation assets are carried at cost. This value represents the Group's view of these assets. The impairment charge reflects the Group's current focus on Vickery and brownfield expansion opportunities. As a consequence, the development of early stage exploration projects, although prospective, is not imminent.

Recognition and measurement:

Exploration and evaluation assets, including the costs of acquiring licences, are capitalised on an area of interest basis and only after the Company has obtained the legal rights to explore the area.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

i. the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

ii. activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

i. sufficient data exists to determine technical feasibility and commercial viability, and

ii. facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are not allocated to cash-generating units.

Where a potential impairment is indicated, an assessment is performed for each area of interest or at the CGU level, in line with the assessment disclosed at note 4.1. To the extent that capitalised expenditure is not expected to be recovered it is charged to the consolidated statement of comprehensive income. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Significant accounting judgements, estimates and assumptions

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available indicating that the recovery of expenditure is unlikely, the amount capitalised is written off in the consolidated statement of comprehensive income in the period when the new information becomes available. The recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

4.3 Intangible assets

MOVEMENT IN INTANGIBLES	Water access rights $'000	Contract related intangible $'000	Rail access rights[1] $'000	Total $'000
Balance at 1 July 2016	8,581	–	11,237	19,818
Transfer from property, plant & equipment	2,501	–	–	2,501
Reimbursement of costs	–	–	(119)	(119)
Less: Amortisation charge	–	–	–	–
Balance at 30 June 2017	**11,082**	**–**	**11,118**	**22,200**
Balance at 1 July 2015	8,577	140	11,237	19,954
Additions during the year	4	–	–	4
Less: Amortisation charge	–	(140)	–	(140)
Balance at 30 June 2016	**8,581**	**–**	**11,237**	**19,818**

1 As part of the agreement to cancel previously existing infrastructure sharing arrangements Whitehaven agreed to pay 10.1% of the construction cost of the shared portion of the Boggabri – Maules Creek rail spur. In return, Whitehaven receives access to rail tonnes on the joint rail spur.

Recognition and measurement:

Water access rights

The Group holds water access rights, which have been determined to have an indefinite life. The water access rights have been recognised at cost and are assessed annually for impairment. The carrying amounts of water access rights are reviewed at each balance date to determine whether there is any indication of impairment. When reviewing for indicators of impairment, the Group considers mining plans, project approvals and market values, among other factors, in line with those disclosed at note 4.1.

Rail access rights

Rail access rights have a finite useful life and are carried at cost less, where applicable, any accumulated amortisation and accumulated impairment losses. Rail access rights are amortised over the life of the mine or access agreement.

4.4 Provisions

	Mine rehabilitation and closure $'000	Other provisions $'000	Total $'000
Balance at 1 July 2016	89,393	2,863	92,256
Provisions reassessed during the period	(1,513)	–	(1,513)
Provisions used during the period	–	(2,863)	(2,863)
Unwind of discount	1,882	–	1,882
Balance at 30 June 2017	**89,762**	**–**	**89,762**

	2017 $'000	2016 $'000
Current	5,188	7,260
Non-current	84,574	84,996
Balance at 30 June	**89,762**	**92,256**

Other provisions include amounts recognised on acquisition of subsidiaries as part of the purchase price allocation and amounts for costs expected to be incurred for maintaining Sunnyside mine in care and maintenance.

4. Resource assets and liabilities *(cont.)*

4.4 Provisions *(cont.)*

Recognition and measurement:

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of a past event;
- it is probable that resources will be expended to settle the obligation; and
- the amount of the provision can be measured reliably.

Mine rehabilitation and closure

Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. The nature of rehabilitation activities includes dismantling and removing operating facilities, re-contouring and top soiling the mine, and restoration, reclamation and revegetation of affected areas. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cashflows.

The obligation to rehabilitate arises at the commencement of the mining project and/or when the environment is disturbed at the mining location. At this point, the provision is recognised as a liability with a corresponding asset included in mining property and development assets. Additional disturbances or changes in the rehabilitation costs are reflected in the present value of the rehabilitation provision, with a corresponding change in the cost of the associated asset. In the event the restoration provision is reduced, the cost of the related asset is reduced by an amount not exceeding its carrying value.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the consolidated statement of comprehensive income. The carrying amount capitalised as a part of mining, property and development is depreciated over the useful life of the related asset.

For closed mines, changes to estimated costs are recognised immediately in the consolidated statement of comprehensive income.

The amount of the provision relating to rehabilitation of environmental disturbance caused by on-going production and extraction activities is recognised in the consolidated statement of comprehensive income as incurred.

Significant accounting judgements, estimates and assumptions

Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions at balance date represent management's best estimate of the present value of the future rehabilitation costs required.

5. Capital structure and financing

5.1 Interest-bearing loans and borrowings

	2017	2016
	$'000	$'000
Current liabilities		
Finance lease liabilities	17,682	14,420
Secured loans	11,908	10,031
Capitalised borrowing costs	(6,030)	(6,228)
	23,560	**18,223**
Non-current liabilities		
Senior bank facility	325,000	835,000
Finance lease liabilities	17,353	69,073
Secured loans	40,261	32,042
Capitalised borrowing costs	(7,899)	(13,583)
	374,715	**922,532**
	398,275	**940,755**
Financing facilities	1,187,204	1,351,766
Facilities utilised at reporting date	412,204	960,566
Facilities not utilised at reporting date	775,000	391,200

Financing activities during the financial year

During the current year $510 million of debt drawn under the senior bank facility was repaid (2016: $65 million). An amount of $18.7 million was drawn down under the ECA facility during the year (2016: $9.5m) and $9.3 million of the ECA facility was repaid during the year (2016: $8.6 million). The security provided in relation to the facilities is a fixed and floating charge over substantially all of the assets of the Group.

Refinancing of the Whitehaven train resulted in the extinguishment of a $35.3m finance lease liability.

During the current period the Group cancelled $100 million of the senior bank facility. The total facility available as at 30 June 2017 was $1.1 billion (2016: $1.2 billion).

During the year the Company entered into an additional $55 million of secured bilateral bank guarantee facilities.

The fair values of interest bearing liabilities materially approximate their respective carrying values as at 30 June 2017 and 30 June 2016.

Recognition and measurement:

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

5. Capital structure and financing *(cont.)*

5.2 Finance income and expense

	2017 $'000	2016 $'000
Recognised in the statement of comprehensive income		
Interest income	1,409	1,056
Financial income	**1,409**	**1,056**
Interest expense on finance lease liabilities	(3,202)	(6,768)
Interest on drawn debt facility	(26,254)	(41,857)
Other interest charges	(14,025)	(9,343)
Interest and financing costs	(43,481)	(57,968)
Net interest expense	(42,072)	(56,912)
Unwinding of discounts on provisions	(1,882)	(2,327)
Amortisation of finance facility upfront costs	(5,999)	(6,835)
Other financial expenses	(7,881)	(9,162)
Net financial expense	**(49,953)**	**(66,074)**
Recognised directly in equity		
Net change in cash flow hedges	2,618	1,186
Income tax effect	(785)	(356)
Financial income recognised directly in other comprehensive, net of tax	**1,833**	**830**

Recognition and measurement:

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses in relation to finance leases, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method, except where capitalised as part of a qualifying asset.

Foreign currency gains and losses are reported on a net basis.

5.3 Financial risk management objectives and policies

a. Overview

The Group's overall risk management program seeks to mitigate risks and reduce the volatility of the Group's financial performance. Financial risk management is carried out centrally by the Group's Audit and Risk Management Committee under policies approved by the Board of Directors. The Committee reports regularly to the Board on its activities and also reviews policies and systems regularly to reflect changes in market conditions and Group's activities.

The Group's principal financial risks are associated with:

- market risk
- credit risk
- liquidity risk.

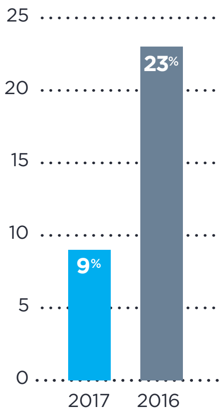
b. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group defines capital as total shareholders' equity and debt. The Board manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

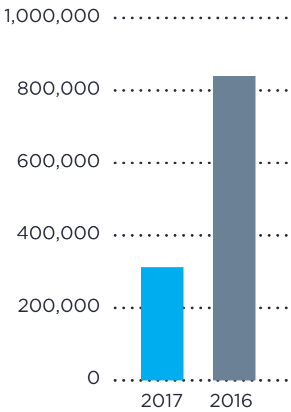
There were no changes in the Group's approach to capital management during the year.

The Group's gearing ratio is calculated as net debt divided by total equity plus net debt.

Capital management



Gearing Ratio Comparison (%)



Net Debt Comparison ($'000)

	2017 $'000	2016 $'000
Interest-bearing loans and borrowings	398,275	940,755
Less: cash and cash equivalents	(87,138)	(101,453)
Net debt	**311,137**	**839,302**
Equity	3,292,296	2,887,638
Equity and net debt	**3,603,433**	**3,726,940**
Gearing ratio	9%	23%

c. Risk exposures and responses

Market Risk – Foreign currency risk

The Group is exposed to currency risk on sales, purchases and demurrage that are denominated in a currency other than the respective functional currency of the Group, the Australian dollar (AUD).The currency in which these transactions primarily are denominated is US Dollars (USD).

The Group may use forward exchange contracts (FECs) to hedge its currency risk in relation to contracted sales where both volume and US dollar price are fixed.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when necessary to address short-term imbalances.

During the current year ended 30 June 2017, a net foreign exchange loss of $3.6m was recognised (2016: net foreign exchange gain of $1.3m).

The Group designates its forward exchange contracts in cash flow hedges and measures them at fair value.

The fair value of forward exchange contracts used as hedges at 30 June 2017 was $2.4m (2016: $0.3m), comprising assets and liabilities that were recognised as derivatives.

At 30 June 2017, the Group had the following financial instruments that were not designated in cash flow hedges that were exposed to foreign currency risk:

	2017 $'000 USD	2016 $'000 USD
Cash	13,073	21,834
Trade and other receivables	38,100	7,612
Trade and other payables	(9,506)	(6,795)
Net statement of financial position exposure	41,667	22,651

The following exchange rates applied during the year:

	Average rate		Reporting date spot rate	
FIXED RATE INSTRUMENTS	2017	2016	2017	2016
USD	0.7545	0.7283	0.7662	0.7387

5. Capital structure and financing *(cont.)*

5.3 Financial risk management objectives and policies *(cont.)*

Market Risk – Foreign currency risk

Sensitivity analysis

A change in 10 per cent of the Australian dollar against the following currencies at 30 June would have increased/(decreased) equity and pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

	Equity	Profit or (loss)
	$'000	$'000
30 JUNE 2017		
USD strengthening by 10 per cent	(7,559)	(4,944)
USD weakening by 10 per cent	9,238	6,042
30 JUNE 2016		
USD strengthening by 10 per cent	(3,416)	(2,788)
USD weakening by 10 per cent	4,175	3,407

Market Risk – Interest rate risk

The Group's borrowings comprise both variable and fixed rate instruments. The variable rate borrowings expose the Group to a risk of changes in cash flows due to the changes in interest rates.

Management analyses interest rate exposure on an ongoing basis and uses interest rate swaps to mitigate interest rate risk.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2017	2016
FIXED RATE INSTRUMENTS	$'000	$'000
Financial liabilities	(35,035)	(83,493)
	(35,035)	**(83,493)**
VARIABLE RATE INSTRUMENTS		
Financial assets	87,138	101,453
Financial liabilities	(377,169)	(877,073)
	(290,031)	**(775,620)**
Net exposure	(325,066)	(859,113)

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Equity	Profit or (loss)
	$'000	$'000
30 JUNE 2017		
100bp increase	302	(2,900)
100bp decrease	(311)	2,900
30 JUNE 2016		
100bp increase	566	(7,756)
100bp decrease	(587)	7,756

Market Risk – Commodity price risk

The Group's major commodity price exposure is to the price of coal. The Group has chosen not to hedge against the movement in coal prices.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade receivables, available for sale financial assets, derivative financial instruments and the granting of financial guarantees. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets, as outlined below.

Exposure to credit risk

The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
		2017	2016
	NOTE	$'000	$'000
Cash and cash equivalents		87,138	101,453
Trade and other receivables	*3.1*	84,570	47,586
Derivative financial instruments	*5.3(d)*	2,413	351
Investments		37	37
		174,158	**149,427**

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

Asia	74,041	29,030
Europe	8,925	10,845
Australia	1,604	7,711
	84,570	**47,586**

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 30.5% of the Group's revenue is attributable to sales transactions with three customers (2016: 34.4% with three customers).

The Group trades only with recognised, creditworthy third parties and generally does not require collateral in respect of trade receivables.

Receivable balances are monitored on an ongoing basis and as a result the exposure to bad debts is not significant.

The Group recognised an impairment loss for trade receivables of $nil during the year ended 30 June 2017 (2016: $nil).

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

	2017	2016
GROSS	$'000	$'000
Not past due	83,900	46,456
Past due 0–30 days	526	832
Past due 31–120 days	144	298
Past due 121 days to one year	–	–
More than one year	–	–
	84,570	**47,586**

5. Capital structure and financing *(cont.)*

5.3 Financial risk management objectives and policies *(cont.)*

Guarantees

The policy of the Group is to provide financial guarantees for statutory bonding requirements associated with the mining operations and other purposes such as security of leased premises. Guarantees are provided under the senior secured bank facility and $105 million of secured bilateral bank guarantee facilities. Details of outstanding guarantees are provided in note 7.4.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet all expected operational expenses as and when due, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

	30 June 2017						
	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities							
Finance lease liabilities	35,035	37,261	7,762	11,862	17,637	–	–
Interest bearing liabilities	377,169	383,265	7,063	6,920	13,433	345,810	10,039
Trade and other payables	166,054	166,054	166,054	–	–	–	–
Forward exchange contracts:							
Outflow	80,267	83,225	83,225	–	–	–	–
Inflow	(82,680)	(85,698)	(85,698)	–	–	–	–
	575,845	**584,107**	**178,406**	**18,782**	**31,070**	**345,810**	**10,039**

	30 June 2016						
	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities							
Finance lease liabilities	83,493	93,280	10,203	10,203	55,239	17,635	–
Interest bearing liabilities	877,073	882,144	5,436	5,719	11,080	857,251	2,658
Trade and other payables	135,928	135,928	135,928	–	–	–	–
Forward exchange contracts:							
Outflow	38,116	37,579	37,579	–	–	–	–
Inflow	(38,396)	(37,857)	(37,857)	–	–	–	–
	1,096,214	**1,111,074**	**151,289**	**15,922**	**66,319**	**874,886**	**2,658**

d. Net fair values

The Group complies with AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 measurements based upon quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 measurements based upon inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and
- Level 3 measurements based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group held the following financial instruments carried at fair value in the consolidated statement of financial position:

	30 June 2017	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets measured at fair value				
Equity shares	37	–	–	37
Forward exchange contracts – receivable	2,413	–	2,413	–
	2,450	**–**	**2,413**	**37**
Liabilities measured at fair value				
Forward exchange contracts – payable	–	–	–	–
Interest rate swaps – payable	(582)	–	(582)	–
	(582)	**–**	**(582)**	**–**

	30 June 2016	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets measured at fair value				
Equity shares	37	–	–	37
Forward exchange contracts – receivable	351	–	351	–
	388	**–**	**351**	**37**
Liabilities measured at fair value				
Forward exchange contracts – payable	(71)	–	(71)	–
Interest rate swaps – payable	(1,067)	–	(1,067)	–
	(1,138)	**–**	**(1,138)**	**–**

The fair value of derivative financial instruments is derived using valuation techniques based on observable market inputs, such as forward currency rates, at the end of the reporting period. The amounts disclosed in the consolidated statement of financial position are the fair values and are classified under level 2 in the fair value measurement hierarchy.

The fair value of the Group's investment in unlisted shares is classified under level 3 in the fair value measurement hierarchy. The Group's holding in unlisted shares is minor and any reasonably possible change in assumptions would not have a material impact on the Group's financial statements.

The carrying values of financial assets and financial liabilities recorded in the financial statements materially approximates their respective net fair values, determined in accordance with the accounting policies disclosed in note 3.1, 3.3 and 5.1 to the financial statements.

5. Capital structure and financing *(cont.)*

5.3 Financial risk management objectives and policies *(cont.)*

e. Financial assets and liabilities by categories

		2017			2016		
		Loans and receivables[1]	Available for sale	Other[2]	Loans and receivables[1]	Available for sale	Other[2]
	NOTE	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Cash and cash equivalents		87,138	–	–	101,453	–	–
Trade and other receivables	*3.1*	124,131	–	–	77,500	–	–
Investments		–	–	37	–	–	37
Other financial assets[2]	*5.3(d)*	–	–	2,413	–	–	351
Total financial assets		**211,269**	**–**	**2,450**	**178,953**	**–**	**388**

1 Loans and receivables are non-derivatives with fixed or determinable payments and are not quoted on an active market. Loans and receivables are valued at amortised cost.

2 Other financial assets include $2.4 million (2016: $0.4 million) relating to derivatives in designated hedges.

		2017			2016		
		Loans at amortised cost[1]	Available for sale	Other[2]	Loans at amortised cost[1]	Available for sale	Other[2]
	NOTE	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities							
Trade and other payables	*3.3*	166,054	–	–	135,928	–	–
Borrowings	*5.1*	398,275	–	–	940,755	–	–
Other financial liabilities[2]	*5.3(d)*	–	–	582	–	–	1,138
Total financial liabilities		**564,329**	**–**	**582**	**1,076,683**	**–**	**1,138**

1 Loans at amortised cost are non-derivatives with fixed or determinable payments and are not quoted on an active market. Loans and payables are valued at amortised cost.

2 Other financial liabilities include $0.6 million (2016: $1.1 million) relating to derivatives in designated hedges.

Recognition and measurement:

Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with foreign currency and interest rate fluctuations arising from operating activities. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured to fair value.

Cash flow hedges

Cash flow hedges are hedges of exposure to variability in cash flows that is attributable to a particular risk associated with forecast sales and purchases that could affect profit or loss. Changes in the fair value of the hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

Amounts taken to other comprehensive income are transferred out of other comprehensive income and included in the measurement of the hedged transaction (coal sales and asset purchases) when the forecast transaction occurs.

Each designated cash flow hedge is tested for hedge effectiveness at each balance date, both retrospectively and prospectively, by using the dollar offset method. If the testing falls within the 80:125 range, the hedge is considered to be highly effective and continues to be designated as a cash flow hedge.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if it no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction occurs.

Economic hedges

Derivatives which do not qualify for hedge accounting are measured at fair value with changes in fair value recognised in statement of comprehensive income.

5.4 Share capital and reserves

a. Share capital

	2017		2016	
	NO. OF SHARES	$'000	NO. OF SHARES	$'000
Fully paid ordinary share capital	1,026,045,885	3,136,941	1,026,045,885	3,144,944
Ordinary share capital at the beginning of the period	1,026,045,885	3,144,944	1,026,045,885	3,146,147
Transfer of shares by share plan	–	377	–	148
Shares purchased by share plan	–	(8,380)	–	(1,351)
Ordinary share capital at the end of the period	**1,026,045,885**	**3,136,941**	**1,026,045,885**	**3,144,944**

At 30 June 2017, a trust on behalf of the Company held 5,669,939 (30 June 2016: 3,707,778) ordinary fully paid shares in the Company. These were purchased during the year for the purpose of allowing the Group to satisfy performance rights to certain senior management of the Group. Refer to Note 5.5 for further details on the performance rights plan.

Terms and conditions of issued capital

Ordinary shares are classified as equity. Fully paid ordinary shares carry one vote per share, either in person or by proxy, at a meeting of the Company and carry the right to receive dividends as declared. In the event of a winding up of the Company, fully paid ordinary shares carry the right to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Under the terms of the acquisition of Boardwalk Resources Limited, 34,020,000 ordinary shares are subject to a restriction deed which removes their entitlement to vote, receive dividends as declared or participate in the proceeds from the sale of all surplus assets. These restrictions will be released on reaching certain milestones.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

b. Nature and purpose of reserves

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based payment reserve

The share-based payment reserve is used to record the value of share based payments provided to director related entities and senior employees under share option and long term incentive plans. Refer to note 5.5 for further details of these plans.

c. Dividends

No dividends were paid during the year ended 30 June 2017 (2016: nil).

The directors have not declared a dividend in respect of FY2017. However, the subsequent events note sets out details of a proposed distribution to shareholders which will be subject to approval by shareholders at the Company's AGM on 25 October 2017.

Dividend franking account

As at 30 June 2017 there were no franking credits available to shareholders of Whitehaven Coal Limited for subsequent financial years (2016: nil).

5. Capital structure and financing *(cont.)*

5.5 Share-based payments

a. Recognised share-based payment expenses

	2017	2016
EMPLOYEE EXPENSES	$'000	$'000
Share options and performance rights – senior employees	4,760	3,715

Recognition and measurement:

The grant date fair value of options and performance rights granted to employees is recognised as an expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met. Once the instruments have vested, no further expenses are recognised nor reserves reversed in respect to costs already charged. However, where the share rights or options have lapsed after vesting the Group transfers the equivalent amount of the cumulative cost for the lapsed awards from the share based payments reserve to another component of equity.

b. Types of share-based payment plans

Performance Right and option grant to CEO and senior employees

The Company issued performance rights and options to the CEO and senior employees under the Company's medium and long term incentive programs in FY2016 and FY2017. The terms and conditions of the grant are as follows.

	FY2017		FY2016	
PERFORMANCE RIGHTS	NUMBER OF INSTRUMENTS	VESTING AND EXPIRATION DATE	NUMBER OF INSTRUMENTS	VESTING AND EXPIRATION DATE
MTI	1,460,547	30 June 2019	1,166,796	30 June 2017
LTI tranche 1	836,056	30 June 2019	1,371,895	30 June 2018
LTI tranche 2	836,045	30 June 2020	1,371,887	30 June 2019
LTI tranche 3	1,672,090	30 June 2019/20[1]	1,829,189	30 June 2018/19
Total	**4,804,738**		**5,739,767**	

	FY2017		FY2016	
OPTIONS	NUMBER OF INSTRUMENTS	VESTING AND EXPIRATION DATE	NUMBER OF INSTRUMENTS	VESTING AND EXPIRATION DATE
LTI tranche 1	1,360,181	30 June 2019	–	–
LTI tranche 2	1,360,175	30 June 2020	–	–
LTI tranche 3	2,720,351	30 June 2019/20[1]	–	–
Total	**5,440,707**		–	

1 To the extent that the Costs Target Hurdle is satisfied at the end of FY2019, 50% of the Awards will vest and become exercisable immediately and the remaining 50% will continue on foot, subject to a further one year service condition.

The performance rights and options are subject to a performance measure linked to relative total shareholder return (TSR) and a costs hurdle. The TSR performance measure compares the TSR performance of the Company with the TSR performance of a peer group of companies operating in the Australian resources sector. The costs hurdle performance measure relates to the Company's achieving a defined cost per tonne target. Detailed disclosures of LTI outcomes against the target are provided in the Remuneration Report.

The table below details the outcomes of MTI awards that were tested in FY2017 (or for which the test period concluded on 30 June 2017) and the results of the relevant test.

MTI Year	Test Type	Performance	Outcomes: Vested	Outcomes: Lapsed
2014	Relative TSR	10th in 21	48%	52%
2015	Relative TSR	3rd in 23	100%	0%

c. Movement in options and performance rights

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

	Weighted average exercise price 2017	Number of options/ rights 2017	Weighted average exercise price 2016	Number of options/ rights 2016
Outstanding at beginning of period	$1.76	22,146,025	$2.70	24,517,802
Exercised during the period	$0.00	(977,608)	$0.00	–
Granted during the period	$0.58	11,288,016[1]	$0.00	6,925,746[2]
Forfeited during the period	$0.00	(440,550)	$0.00	(280,435)
Lapsed during the period	$3.92	(9,948,789)	$0.00	(9,017,088)
Outstanding at 30 June	$0.30	22,067,094	$1.76	22,146,025
Exercisable at 30 June	$0.00	466,804	$4.73	8,241,278

1 Includes 1,042,571 performance rights granted during the year under the FY2016 STI scheme.

2 Includes 1,185,979 performance rights granted during the year under the FY2015 STI scheme.

The outstanding balance as at 30 June 2017 is represented by:

i. 5,440,707 options over ordinary shares having an exercise price of $1.21, exercisable between 30 June 2019 and 31 August 2026.
ii. 1,011,981 performance rights over ordinary shares having an exercise price of nil, exercisable between 30 June 2017 and 30 June 2018.
iii. 3,496,265 performance rights over ordinary shares having an exercise price of nil, exercisable between 30 June 2017 and 30 June 2018.
iv. 937,034 performance rights over ordinary shares having an exercise price of nil, exercisable on 13 August 2017.
v. 5,488,378 performance rights over ordinary shares having an exercise price of nil, exercisable between 30 June 2018 and 30 June 2019.
vi. 5,692,729 performance rights over ordinary shares having an exercise price of nil, exercisable between 17 August 2017 and 30 June 2020.

No share options were exercised during the year ended 30 June 2017 (2016: nil).

The weighted average remaining contractual life of share options and performance rights outstanding at 30 June 2017 is 3.7 years (2016: 0.87 years).

5. Capital structure and financing *(cont.)*

5.5 Share-based payments *(cont.)*

d. Option pricing models

The fair value of performance rights granted under the LTI program with a TSR performance hurdle is measured using a Monte Carlo Simulation model incorporating the probability of the performance hurdles being met. The fair value of performance rights with the non-market performance hurdle (costs target) is measured using the Black-Scholes option pricing formula.

The fair value of options with a TSR performance hurdle and non-market performance hurdle is measured using a combination of the Monte Carlo Simulation model and Binomial Option Pricing methods.

The following table lists the inputs to the models used for the years ended 30 June 2017 and 30 June 2016:

	Rights						Options			
FY2017	**MTI**	**MTI**	**LTI**	**LTI**	**LTI**	**LTI**	**LTI**	**LTI**	**LTI**	**LTI**
Performance hurdle	TSR	Cost	TSR	TSR	Cost	Cost	TSR	TSR	Cost	Cost
Grant date	17 Mar 17	17 Mar 17	17 Mar 17	17 Mar 17	17 Mar 17	17 Mar 17	17 Mar 17	17 Mar 17	17 Mar 17	17 Mar 17
Vesting date	30 Jun 19	30 Jun 19	30 Jun 19	30 Jun 20	30 Jun 19	30 Jun 20	30 Jun 19	30 Jun 20	30 Jun 19	30 Jun 20
Fair value at grant date	$2.31	$2.56	$2.31	$2.20	$2.56	$2.46	$1.58	$1.56	$1.64	$1.60
Share price	$2.760	$2.760	$2.760	$2.760	$2.760	$2.760	$2.760	$2.760	$2.760	$2.760
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1.21	$1.21	$1.21	$1.21
Expected volatility	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Performance Right life	10 years	10 years	10 years	10 years	10 years	10 years	5 years	5 years	5 years	5 years
Expected dividends	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%
Risk-free interest rate	1.9%	1.9%	2.0%	2.2%	2.0%	2.2%	2.0%	2.2%	2.0%	2.2%

	Rights				
FY2016	**MTI**	**LTI**	**LTI**	**LTI**	**LTI**
Performance hurdle	TSR	TSR	TSR	Cost	Cost
Grant date	8 Apr 16	8 Apr 16	8 Apr 16	8 Apr 16	8 Apr 16
Vesting date	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 18	30 Jun 19
Fair value at grant date	$0.09	$0.16	$0.20	$0.57	$0.55
Share price	$0.595	$0.595	$0.595	$0.595	$0.595
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	50%	50%	50%	50%	50%
Performance Right life	2 years	3 years	4 years	3 years	4 years
Expected dividends	0%	1.2%	2.3%	1.2%	2.3%
Risk-free interest rate	1.9%	1.8%	1.8%	1.8%	1.8%

All shared-based payments are equity settled.

6. Group structure

6.1 Group's subsidiaries

The below is a list of the Group's subsidiaries, all of which are incorporated in Australia, unless otherwise noted:

	Ownership interest			Ownership interest	
	2017	2016		2017	2016
PARENT ENTITY					
Whitehaven Coal Limited					
SUBSIDIARIES					
Whitehaven Coal Mining Limited[1]	100%	100%	Maules Creek Coal Pty Ltd[1]	100%	100%
Namoi Mining Pty Ltd[1]	100%	100%	Boardwalk Resources Limited[1]	100%	100%
Namoi Agriculture & Mining Pty Ltd	100%	100%	Boardwalk Coal Management Pty Ltd[1]	100%	100%
Betalpha Pty Ltd[1]	100%	100%	Boardwalk Coal Marketing Pty Ltd[1]	100%	100%
Betalpha Unit Trust	100%	100%	Boardwalk Sienna Pty Ltd[1]	100%	100%
Tarrawonga Coal Pty Ltd[1]	100%	100%	Boardwalk Monto Pty Ltd[1]	100%	100%
Whitehaven Coal Holdings Pty Ltd[1]	100%	100%	Boardwalk Dingo Pty Ltd[1]	100%	100%
Whitehaven Coal Infrastructure Pty Ltd[1]	100%	100%	Boardwalk Ferndale Pty Ltd[1]	100%	100%
Narrabri Coal Pty Ltd[1]	100%	100%	Coalworks Limited[1]	100%	100%
Narrabri Coal Operations Pty Ltd[1]	100%	100%	Yarrawa Coal Pty Ltd[1]	100%	100%
Narrabri Coal Sales Pty Ltd[1]	100%	100%	Loyal Coal Pty Ltd	92.5%	92.5%
Creek Resources Pty Ltd[1]	100%	100%	Ferndale Coal Pty Ltd	92.5%	92.5%
Werris Creek Coal Sales Pty Ltd[1]	100%	100%	Coalworks (Oaklands North) Pty Ltd[1]	100%	100%
Werris Creek Coal Pty Ltd[1]	100%	100%	CWK Nominees Pty Ltd[1]	100%	100%
WC Contract Hauling Pty Ltd[1]	100%	100%	Oaklands Land Pty Ltd[1]	100%	100%
Whitehaven Blackjack Pty Ltd[1]	100%	100%	Coalworks (Vickery South) Pty Ltd[1]	100%	100%
Whitehaven Project Pty Ltd[1]	100%	100%	Coalworks Vickery South Operations Pty Ltd[1]	100%	100%
Whitehaven Employee Share Plan Pty Ltd[1]	100%	100%	Vickery South Marketing Pty Ltd[1]	100%	100%
Aston Resources Limited[1]	100%	100%	Vickery South Operations Pty Ltd[1]	100%	100%
Aston Coal 2 Pty Ltd[1]	100%	100%	Vickery Pty Ltd[1]	100%	100%
Aston Coal 3 Pty Ltd[1]	100%	100%			

1 These subsidiaries entered into a Class Instrument 2016/785 dated 28 September 2016 and related deed of cross guarantee with Whitehaven Coal Limited. Refer to Note 6.4 for further information.

Recognition and measurement:

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until that control ceases. All intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

6. Group structure *(cont.)*

6.2 Interest in joint operations

The Group has interests in the following joint operations which are proportionately consolidated in the consolidated financial statements:

		Ownership interest and voting rights	
	COUNTRY OF INCORPORATION	2017	2016
Tarrawonga Coal Project Joint Venture[1]		70%	70%
Narrabri Coal Joint Venture[1]		70%	70%
Maules Creek Joint Venture[1]		75%	75%
Dingo Joint Venture[1]		70%	70%
Ferndale Joint Venture[1]		92.5%	92.5%
Boggabri-Maules Creek Rail Spur Joint Venture[1]		39%	39%
Tarrawonga Coal Sales Pty Ltd[2]	Australia	70%	70%
Maules Creek Marketing Pty Ltd[2]	Australia	75%	75%
Boggabri-Maules Creek Rail Pty Ltd[2]	Australia	39%	39%

1 These entities have been classified as joint operations under AASB11 *Joint Arrangements*, as these joint arrangements are not structured through separate vehicles.

2 The joint operations above operate as the sales and marketing vehicles or manager of the related unincorporated joint operations and require joint consent from all joint venture partners on all significant management and financial decisions. The Group recognises its share of assets, liabilities, revenues and expenses of the above entities as joint operations under AASB11 *Joint Arrangements*.

Recognition and measurement:

Joint arrangements are arrangements in which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant strategic and/or key operating decisions require unanimous consent of the parties sharing control. The Group recognises its interest in jointly controlled operations by recognising its share in the assets and liabilities of the joint operation. The Group also recognises the expenses it incurs and its share of the income that it earns from the sale of goods or services by the joint operation.

Significant accounting judgements, estimates and assumptions

The Group assesses whether it has the power to direct the relevant activities of the investee by considering the rights it holds with respect to the work programme and budget approval, investment decision approval, voting rights in joint operating committees and changes to joint arrangement participant holdings. Where the Group has joint control, judgement is also required to assess whether the arrangement is a joint operation or a joint venture.

6.3 Parent entity information

	Company	
	2017	2016
INFORMATION RELATING TO WHITEHAVEN COAL LIMITED:	$'000	$'000
Current assets	73	63
Total assets	**2,857,508**	**2,815,799**
Current liabilities	61,589	61,960
Total liabilities	**61,589**	**61,960**
Issued capital	3,275,296	3,275,296
Retained earnings	(487,204)	(539,874)
Share based payments reserve	7,827	18,417
Total shareholders' equity	**2,795,919**	**2,753,839**
Profit of the parent entity	92,661	1,726
Total comprehensive income of the parent entity	92,661	1,726

6.4 Deed of Cross Guarantee

Pursuant to ASIC Corporations Instrument 2016/785 dated 28 September 2016, the wholly-owned subsidiaries listed in Note 6.1 (refer footnote 1) are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee (the 'Deed'). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The Company and each of the relevant subsidiaries entered into the deed on 27 June 2008 with subsequent assumption deeds entered into on 27 June 2012 and 25 June 2013.

The following consolidated statement of comprehensive income and statement of financial position comprises the Company and its controlled entities which are party to the Deed of Cross Guarantee (the 'Closed Group') after eliminating all transactions between parties to the Deed.

	Closed group	
	2017	2016
STATEMENT OF COMPREHENSIVE INCOME	$'000	$'000
Profit before tax	471,271	30,164
Income tax expense	(68,811)	(7,186)
Profit after tax	**402,460**	**22,978**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net movement on cash flow hedges	2,618	1,186
Income tax effect	(785)	(356)
Other comprehensive income for the period, net of tax	**1,833**	**830**
Total comprehensive income for the period, net of tax	**404,293**	**23,808**
STATEMENT OF FINANCIAL POSITION		
Assets		
Cash and cash equivalents	87,014	101,329
Trade and other receivables	114,883	64,471
Inventories	99,144	68,737
Derivative financial instruments	2,413	351
Total current assets	**303,454**	**234,888**
Trade and other receivables	10,853	15,381
Investments	37	37
Property, plant and equipment	3,442,170	3,497,316
Exploration and evaluation	156,781	202,428
Intangible assets	22,200	19,818
Deferred tax assets	33,976	103,573
Total non-current assets	**3,666,017**	**3,838,553**
Total assets	**3,969,471**	**4,073,441**

6. Group structure *(cont.)*

6.4 Deed of Cross Guarantee *(cont.)*

	Closed group	
	2017	2016
STATEMENT OF FINANCIAL POSITION *(cont.)*	$'000	$'000
Liabilities		
Trade and other payables	164,454	134,327
Interest bearing loans and borrowings	23,560	17,333
Employee benefits	20,071	16,872
Provisions	5,188	7,260
Derivative financial instruments	582	1,138
Total current liabilities	**213,855**	**176,930**
Non-current liabilities		
Interest bearing loans and borrowings	374,715	922,532
Provisions	84,572	84,996
Total non-current liabilities	**459,287**	**1,007,528**
Total liabilities	**673,142**	**1,184,458**
Net assets	**3,296,329**	**2,888,983**
Issued capital	3,134,437	3,142,439
Share based payments reserve	7,827	18,417
Hedge reserve	1,282	(551)
Retained earnings	152,783	(272,400)
Non-controlling interest	–	1,078
Equity	**3,296,329**	**2,888,983**

6.5 Related parties

Compensation to Executive KMP and Non-executive Directors of the Group

	2017	2016
	$'000	$'000
Short term employee benefits	8,974	8,040
Contributions to superannuation plans	273	278
Share-based compensation payments	2,681	1,095
Total compensation	**11,928**	**9,413**

7. Other notes

7.1 Employee benefits

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2017 $'000	2016 $'000
Wages and salaries	143,325	126,280
Contributions to superannuation plans	9,272	8,325
Other associated personnel expenses	4,530	3,109
Increase in liability for annual leave	2,382	1,319
Increase/(decrease) in liability for long service leave	(115)	110
Share based compensation payments[1]	4,760	3,715
	164,154	**142,858**

1 Disclosed in "Other expenses" in the Statement of Comprehensive Income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Salaries and wages accrued	6,393	5,461
Liability for long service leave	269	384
Liability for annual leave	13,409	11,027
	20,071	**16,872**

Recognition and measurement:

Wages, salaries, annual leave and sick leave

Liabilities for wages, salaries, annual leave and sick leave are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled i.e. at undiscounted amounts based on remuneration wage and salary rates including related on-costs, such as workers compensation insurance and payroll tax.

Long-term service benefits

Liabilities for long-service leave and other long term benefits are recognised and measured at the present value of the estimated future cash outflows resulting from employees' services provided up to the reporting date. Long term benefits not expected to be settled within twelve months are discounted using the rates attached to the high-quality corporate bonds at the reporting date, which most closely match the maturity dates of the related liability.

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the consolidated statement of comprehensive income as incurred.

7. Other notes *(cont.)*

7.2 Auditors' Remuneration

	2017	2016
	$	$
Audit services:		
Auditors of the Company – Ernst & Young		
Audit and review of statutory financial statements current year	522,000	500,000
Audit of joint operations	298,000	275,000
	820,000	**775,000**

	2017	2016
Non audit services:		
Auditors of the Company – Ernst & Young		
Taxation services	20,000	42,712
Other non-audit services	66,100	99,500
Review of National Greenhouse Energy Reporting Act requirements	56,451	11,068
	142,551	**153,280**

7.3 Commitments

a. Capital expenditure commitments

	2017	2016
	$'000	$'000
Plant and equipment and intangibles		
Contracted for but not provided for and payable:		
Within one year[1]	**13,151**	**34,593**

1 There were no commitments for capital expenditure beyond one year.

b. Operating lease commitments

The Group leases mining equipment, office equipment and office space under operating leases. The leases typically run for one to five years on commercial terms. None of the leases includes contingent rentals. The operating lease expenses recognised in the statement of comprehensive income in the current year amounted to $48,575,000 (2016: $29,346,000).

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2017 are as follows:

Less than one year	55,306	36,554
Between one and five years	130,712	87,200
	186,018	**123,754**

c. Finance lease commitments

Finance leases relate to property, plant and equipment with lease terms of between one to five years. At 30 June 2017, the group's finance lease liabilities are secured by the leased assets of $45,182,000 (2016: $83,760,000), as in the event of a default, the leased assets revert to the lessor.

	2017	2016
	$'000	$'000
Within one year	19,625	20,405
Between one and five years	17,636	72,875
Minimum lease payments	**37,261**	**93,280**
Future finance charges	(2,226)	(9,787)
Total lease liabilities	**35,035**	**83,493**
Included in the financial statements in note 5.1 as:		
Current borrowings	17,682	14,420
Non-current borrowings	17,353	69,073
	35,035	**83,493**

7.4 Contingencies

Bank guarantees

The Group provided bank guarantees to:	2017	2016
	$'000	$'000
i. Government departments as a condition of continuation of mining and exploration licenses	118,907	79,104
ii. Rail capacity providers	30,503	21,357
iii. Port capacity providers	97,163	69,708
iv. Electricity network access supplier	25,511	26,499
vi. Other	3,195	1,880
	275,279	**198,548**

Litigation

There is a number of legal and potential claims against the Group which have arisen in the ordinary course of business. As the Group believes that it has no liability for such matters, a provision has not been made for any potential adverse outcome. The Group will defend these claims and believes that any adverse outcome would not be material based on information currently available to the Group.

7.5 Subsequent events

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than the following:

Subsequent to the end of the financial period, the Group refinanced its A$1.2 billion Senior Secured Bank Facility in August 2017 provided by a syndicate of Australian and international banks. The new facility is comprised of a $1.0 billion drawable revolver and a $ 0.2 billion guarantee facility. The new facility's A$1.0 billion drawable line of credit is for general corporate purposes and has a maturity of July 2021.

Subsequent to the end of the financial period, the Group repaid a further $100 million of debt drawn under the senior bank facility.

Subsequent to the end of the financial period, the Directors have proposed a 20 cent per share distribution to shareholders, which is expected to comprise a 14 cent capital return and a 6 cent unfranked dividend. Whitehaven is seeking a class ruling from the ATO in relation to the proposed distribution. The proposed capital return component is subject to receiving shareholder approval at Whitehaven's Annual General Meeting (AGM) in October 2017 and, if approved by shareholders, will be paid in November 2017 along with the related unfranked dividend. Further details will be provided in the Notice of Meeting for the AGM.

7. Other notes *(cont.)*

7.6 New accounting standards and interpretations

i. Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of new standards and interpretations effective as of 1 July 2016.

Several amendments apply for the first time in the current year. However, they do not impact the annual consolidated financial statements of the Group.

ii. Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2017 are outlined below:

AASB 9 Financial Instruments

A finalised version of AASB 9 which contains accounting requirements for financial instruments, replacing AASB 139 Financial Instruments: Recognition and Measurement. The standard contains requirements in the areas of classification and measurement, impairment, hedge accounting and derecognition. The Group has not yet determined the potential impact of the amendments on the Group's financial report. This standard applies to annual reporting periods beginning on or after 1 January 2018.

AASB 15 Revenue from Contracts with Customers

The core principle of AASB 15 is that an entity recognises revenue in accordance with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with AASB 15 by applying the following steps: Step 1: Identify the contract(s) with the customer; Step 2: Identify the performance obligations in the contract; Step 3: Determine the transaction price; Step 4: Allocate the transaction price to the performance obligations in the contract; Step 5: Recognise the revenue when the entity satisfies a performance obligation. New disclosures about revenue are also introduced. The Group is currently in the process of completing its analysis of the potential impact of the amendments on the Group's financial report. However, as the majority of the Group's revenue is derived from contracts in which the transfer of risks and rewards occurs at the same time as the satisfaction of the performance obligation, no material changes are expected in respect of the timing and amount of revenue currently recognised by the Group. This standard applies to annual reporting periods beginning on or after 1 January 2018.

AASB 16 Leases

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 contains disclosure requirements for lessees. The Group is continuing its assessment to quantify the impact of the new standard on the Group's financial report, but expect adoption of the standard to have a material impact to the Group's financial statements. This standard applies to annual reporting periods beginning on or after 1 January 2019.

Directors' declaration

In accordance with a resolution of the directors of Whitehaven Coal Limited, I state that:

In the opinion of the Directors:

a. the financial statements and notes of Whitehaven Coal Limited are in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1; and
c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
d. this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2017.
e. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 6.4 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

The Hon. Mark Vaile AO
Chairman

Paul Flynn
Managing Director
and Chief Executive Officer

Sydney
17th August 2017

Auditors Report

Building a better working world

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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

Independent Auditor's Report to the Members of Whitehaven Coal Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Whitehaven Coal Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial report, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EY
Building a better working world

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Impairment assessment of Property, Plant & Equipment

Why significant	How our audit addressed the key audit matter
As at 30 June 2017, the Group's consolidated statement of financial position included $3,442m of property, plant and equipment relating to operating mines. As disclosed in Note 4.1 of the financial report, the Directors' assess property, plant and equipment for indicators of impairment at each balance date. This involves assessment of any potential indications of impairment in property, plant and equipment including (but not limited to) significant changes to market, geological, economic or legal environment changes in the markets in which Whitehaven operates, changes in the discount rate, changes in coal price, movements in foreign exchange and movement in the Group's market capitalisation. Consideration is also given to any expected future changes to operating conditions. This assessment determines whether a full impairment assessment is required. We focused on this area due to the magnitude of the balance in the consolidated statement of financial position, and the significant judgments and assumptions involved in the assessment of indicators of impairment.	Our procedures conducted over the Group's impairment indicator analysis included the following: ▸ assessed whether the methodology used by the Directors met the requirements of AASB136 *Impairment of Assets;* ▸ considered the appropriateness of the Group's identification of its cash generating unit; ▸ assessed the Group's analysis for indicators of impairment, in conjunction with our valuation specialists. This included consideration of whether any movements in the key assumptions applied indicated potential impairment, by comparing them to historical results in addition to economic and industry forecasts; ▸ assessed the Group's methodologies and their documented basis for key assumptions used in impairment assessments, as described in note 4.1; ▸ considered whether the disclosures included in the financial report relating to impairment, including those specific to judgments and estimates, met the requirements of Australian Accounting standards.

Auditors Report *(cont.)*

Building a better working world

Recoverability of deferred tax assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2017, the net deferred tax asset in the Group's consolidated statement of financial position includes $356.1m of deferred tax asset. $305.3m of this deferred tax asset relates to carried forward tax losses and tax credits. The recoverability of deferred tax assets, including those arising from carried forward tax losses and temporary differences can be subjective based upon the Group's assessment of its ability to generate sufficient future taxable profits. As disclosed in Note 2.3 of the financial statements, the Directors' assessment of recoverability of these assets is dependent upon assumptions about the generation of future taxable profits from estimates of future cash flows. These depend on estimates of future production and sales volumes, coal prices, foreign exchange rates, operating costs, rehabilitation costs, capital expenditure, dividends and other capital management transactions. This involves critical accounting estimates and assumptions, specifically relating to future cash flows and judgment relating to the application of income tax legislation.	We evaluated the Group's assessment of the recoverability of deferred tax assets. Our audit procedures included the following: ▸ evaluated the assumptions and methodologies used by the Group in determining the recoverability of deferred tax assets including forecast cash flows; ▸ tested the mathematical accuracy of the cash flow models; ▸ compared the cash flow forecasts with the Board approved forecast cash flows; ▸ considered the future profitability of operations based on assumptions made in forecasted cash flows, consistent with models used to support the carrying value of operating property, plant and equipment; and ▸ assessed judgments and assumptions made regarding income tax legislation with assistance from our taxation specialists where appropriate.

EY
Building a better working world

Mine rehabilitation and closure provisions

Why significant	How our audit addressed the key audit matter
As at 30 June 2017, the consolidated statement of financial position included $89.8m of mine rehabilitation and closure provisions. As a consequence of its operations, the Group incurs obligations to restore and rehabilitate the environment. Rehabilitation activities are governed by a combination of legislative requirements and Group policies. Estimating the costs associated with these future activities requires considerable judgement in relation to factors such as when the rehabilitation will take place, the time period required for the rehabilitation to be effective, the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in economic assumptions including an appropriate rate to discount these future costs back to their net present value. This was considered to be a key audit matter due to the significant judgments and assumptions involved in the calculation of these mine rehabilitation and closure provisions.	Our procedures included the following: ▸ assessed the Group's process for recognition, review and approval of the rehabilitation provisions; ▸ agreed the disturbed areas included in rehabilitation models to surveys completed over areas requiring future rehabilitation; ▸ considered the reasonableness of cost rates applied with respect to government specified cost rates; ▸ considered the competence and objectivity of management's experts, both internal or external, who produced the surveys and cost estimates; ▸ tested the mathematical accuracy of the rehabilitation models to support the provision balance; ▸ considered the discount rate applied by management; ▸ evaluated the appropriateness of accounting treatment applied to changes in the rehabilitation provision, including whether the impact is expensed or capitalised; and ▸ evaluated whether the judgments and estimates disclosures relating to mine closure and rehabilitation provisions met the requirements of Australian Accounting standards.

Auditors Report *(cont.)*

Building a better working world

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

Building a better working world

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Auditors Report *(cont.)*

EY
Building a better working world

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 68 to 87 of the Directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Whitehaven Coal Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
17 August 2017

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings

Substantial shareholders

The number of shares recorded as owned by substantial shareholders and their associates in the most recent substantial shareholder notices advised to the Company by these shareholders are set out below:

Shareholder	Percentage of capital held	Number of ordinary shares held	Date of substantial shareholder notice
Farallon Capital Management LLC	16.61%	170,414,721	19 June 2013
Fritz Kundrun*	12.09%	124,042,252	17 Oct 2014
Hans Mende*	11.13%	114,190,086	17 Oct 2014
AMCI Group*	10.09%	86,170,596	17 Oct 2014
Prudential PLC	8.40%	81,899,109	10 April 2017

*The holdings of Mr Kundrun and Mr Mende both include the 86,170,596 shares owned by AMCI Group.

Voting rights

Ordinary shares

Refer to note 5.4 in the financial statements

Options

There are no voting rights attached to the options.

Distribution of equity security holders

Category	Number of equity security holders
1 – 1,000	1,716
1,001 – 5,000	2,064
5,001 – 10,000	739
10,001 – 100,000	849
100,001 and over	99
	5,467

There are 6 holders of options over ordinary shares. Refer to section 7.3 of the Remuneration Report.

The number of shareholders holding less than a marketable parcel of ordinary shares is 447.

ASX additional information *(cont.)*

Securities exchange

The Company is listed on the Australian Securities Exchange.

Other information

Whitehaven Coal Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Twenty largest shareholders (legal ownership)

Name	Number of ordinary shares held	Percentage of capital held
CITICORP NOMINEES PTY LTD	262,832,112	25.62
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	255,252,358	24.88
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – GSCO ECA	175,518,681	17.11
J P MORGAN NOMINEES AUSTRALIA LIMITED	129,665,129	12.64
NATIONAL NOMINEES LIMITED	28,490,780	2.78
AET SFS PTY LTD <BOARDWALK RES INV P/C>	26,678,979	2.60
BNP PARIBAS NOMS PTY LTD <DRP>	10,795,976	1.05
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	9,641,371	0.94
RANAMOK PTY LTD <PLUMMER FAMILY A/C>	7,367,226	0.72
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	6,801,205	0.66
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,886,549	0.57
VESADE PTY LTD	5,795,052	0.56
WHITEHAVEN EMPLOYEE SHARE PLAN PTY LIMITED <EQUITY INCENTIVE PLAN A/C>	5,669,939	0.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	5,647,836	0.55
NATIONAL NOMINEES LIMITED <N A/C>	4,450,000	0.43
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED GSCO ECA	4,409,572	0.43
MR MICHAEL JACK QUILLEN <QUILLEN FAMILY A/C>	4,135,000	0.40
BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	2,667,009	0.26
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL>	2,316,000	0.23
INVIA CUSTODIAN PTY LIMITED <R & G CHADWICK A/C>	2,025,000	0.20
	956,045,774	**93.18**

This information is current as at 14 August 2017.

Glossary of terms and abbreviations

ARTC	Australian Rail Track Corporation
ASEAN	Association of Southeast Asian Nations
CHPP	Coal Handling Preparation Plant
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
FEC	Forward Exchange Contract
FOB	Free-on-Board
FVLCD	Fair Value Less Costs of Disposal
HELE	High Energy Low Emissions
JORC	Joint Ore Resources Committee
KMP	Key Management Personnel
LTI	Long Term Incentive
LW	Longwall
MRRT	Minerals Resource Rent Tax
Mt	Million tonnes
MTI	Medium Term Incentive
Mtpa	Million tonnes per annum
NCIG	Newcastle Coal Infrastructure Group
PWCS	Port Waratah Coal Services
ROM	Run of Mine
STI	Short Term Incentive
t	Tonne
TAL	Tonne Axle Loads
TFR	Total Fixed Remuneration
TRIFR	Total Recordable Injury Frequency Rate
TSR	Total Shareholder Return

Corporate directory

Directors

The Hon. Mark Vaile AO
Chairman

John Conde
Deputy Chairman

Dr Julie Beeby
Non-executive Director

Paul Flynn
Managing Director and CEO

Tony Haggarty
Non-executive Director

Christine McLoughlin
Non-executive Director

Raymond Zage
Non-executive Director

Company Secretary

Timothy Burt

Registered and Principal Administrative Office

Level 28, 259 George Street
Sydney NSW 2000

P +61 2 8507 9700
F +61 2 8507 9701

Australian Business Number

ABN 68 124 425 396

Stock Exchange Listing

Australian Securities Exchange Ltd
ASX Code: WHC

Auditor

Ernst & Young
Ernst & Young Centre
200 George Street,
Sydney NSW 2000

P +61 2 9248 5555
F +61 2 9248 5199

Share Registry

Computershare Investor Services Pty Ltd

GPO Box 523
Brisbane QLD 4001

P 1300 850 505
F +61 7 3237 2100

Country of Incorporation

Australia

Web address

www.whitehavencoal.com.au

Whitehaven Coal
Level 28, 259 George Street
Sydney NSW 2000
P +61 2 8507 9700
F +61 2 8507 9701
ASX Code: WHC

whitehavencoal.com.au