WHITEHAVEN COAL

Whitehaven Coal
Annual Report 2018

Whitehaven Coal is proud to be the largest Australian-owned producer of HELE (high efficiency, low emissions) power station coal.

Our story began nearly 20 years ago as a private company operating out of the Gunnedah Coal Basin in North West New South Wales – an area which remains our home and the focal point of our growing business.

Since then, we have evolved into one of the largest coal mining producers listed on the Australian Securities Exchange and have developed a reputation for excellence in operations and project delivery.

We are the single largest non-government employer in the region, with a workforce of around 1,600 men and women working across six mines. In the past five years alone we have invested $1.5 billion in the North West NSW economy.

Our high-quality coal is exported to established and emerging markets across Asia where it is used to produce electricity and steel, delivering the essential building blocks for sustainable economic development in a more carbon-conscious world.

Whether it is the local communities where we operate and invest, or the advanced and developing economies where our product is put to work, we are proud to be ‘powering the region’ while creating value for all our shareholders, large and small.

Whitehaven’s ASX code is WHC and the company had 1,026,045,885 shares on issue as at 30 June 2018. More information on corporate governance can be found elsewhere in this report and is also available on our website, www.whitehavencoal.com.au

Whitehaven Coal’s Annual General Meeting (AGM) will be held on 25 October 2018.

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Section 1

OVERVIEW

INTRODUCTION

OUR MISSION

To be the leading Australian producer of HELE (High Efficiency Low Emissions) coal, supporting sustainable economic growth and development both at home and abroad.

The world wants reliable and affordable energy but with lower carbon emissions. We are ideally placed to meet this strong and growing demand.

Our goal is simple: to reliably supply coal that meets our customers' exacting specifications and to operate safely, sustainably and in the best interests of our shareholders.

OUR BUSINESS

We currently produce more than 20 million tonnes of saleable (100% basis) thermal and metallurgical coal per annum from our portfolio of mines. In the past decade, the company has established itself as a major player in the Pacific Seaborne coal market with more growth to come.

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.

OUR PILLARS

Our pillars form the foundations of our culture and the way we work.

- Safety in all our operations
- Social and environmental responsibility
- Continuous improvement
- Operational excellence and sustainable growth
- Openness with customers and partners
- Professionalism and integrity in all we do
- Transparent communication.

GROUP FINANCIAL HIGHLIGHTS

HIGHLIGHTS OF THE YEAR

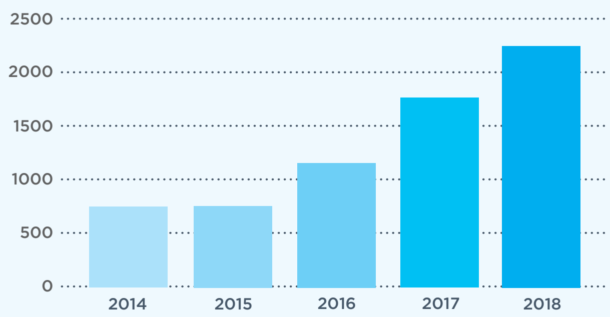
- Record profit of $525.6m, up 30% on previous year
- Returned to dividend paying status with $595m paid to shareholders in FY2018/19.

WHITEHAVEN COAL FIVE YEAR FINANCIAL RECORD

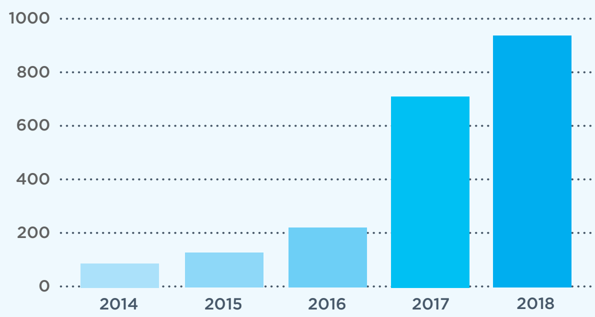
	FY2018	FY2017	FY2016	FY2015	FY2014
Revenue ($m)	2,257.4	1,773.2	1,164.4	763.3	755.4
Underlying EBITDA ($m)	940.0	714.2	224.1	130.3	90.4
Profit/(Loss) attributal to the Group ($m)	525.6	405.4	20.5	(342.7)	(38.4)
EPS cents	52.2	40.7	2.1	(33.3)	(3.9)
DPS cents	40.0	20.0[1]	–	–	–
Net debt ($m)	270.4	311.1	839.0	936.0	685.0
Group net assets ($m)	3,489.8	3,292.3	2,889.0	2,865.0	3,207.0
Cash operating costs ex royalties ($/t)	62	58	56	61	69
Achieved price ex royalties ($/t)	121	104	70	74	79

1 Capital component of 14 cents per share.

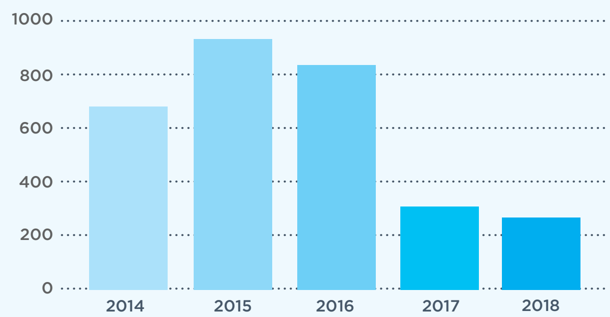
ANNUAL REVENUE ($M)



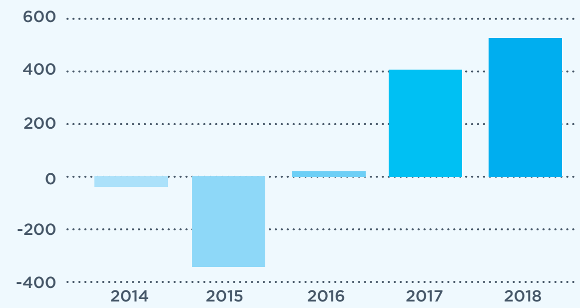
ANNUAL EBITDA ($M)



NET DEBT ($M)



ANNUAL NPAT ($M)



GROUP OPERATIONAL HIGHLIGHTS

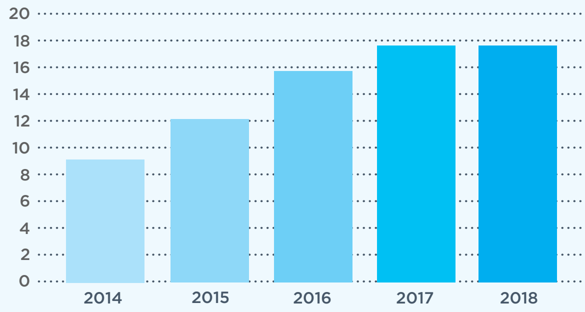
HIGHLIGHTS OF THE YEAR

- Record ROM coal production
- Record saleable coal production and sales.

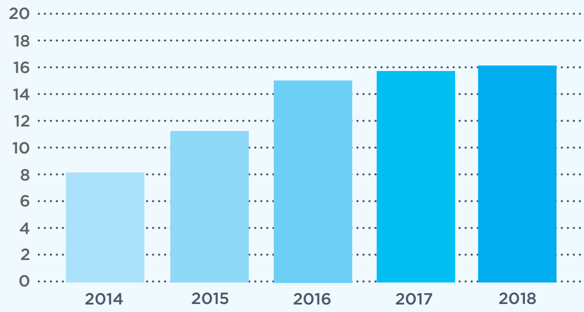
TOTAL GROUP (EQUITY BASIS)

	FY2018	FY2017	FY2016	FY2015	FY2014
ROM coal production ('000 t)	17,727	17,718	15,760	12,205	9,177
Saleable coal production ('000 t)	16,160	15,769	15,072	11,253	8,160
Sales of produced coal ('000 t)	16,109	15,487	15,432	10,859	8,215
Sales of purchased coal ('000 t)	1,256	328	79	–	511
Total sales ('000 t)	**17,365**	**15,815**	**15,511**	**10,859**	**8,726**

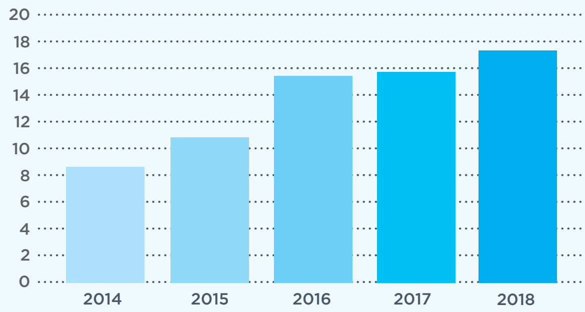
ROM COAL PRODUCTION (MT)



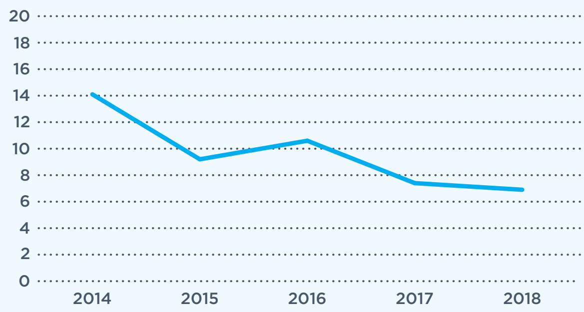
SALEABLE COAL PRODUCTION (MT)



COAL SALES INC PURCHASED COAL (MT)



SAFETY TRIFR AT END OF YEAR



DELIVERING SHAREHOLDER VALUE

FY18 AT A GLANCE

Period to 30 June 2018	WHC TSR	ASX 200 TSR
1 year	118%	13%
2 year	483%	29%
3 year	377%	30%

SHAREHOLDER RETURN (TSR)

118%

FY17: 167%

UNDERLYING EBITDA BEFORE SIGNIFICANT ITEMS

$940.0M

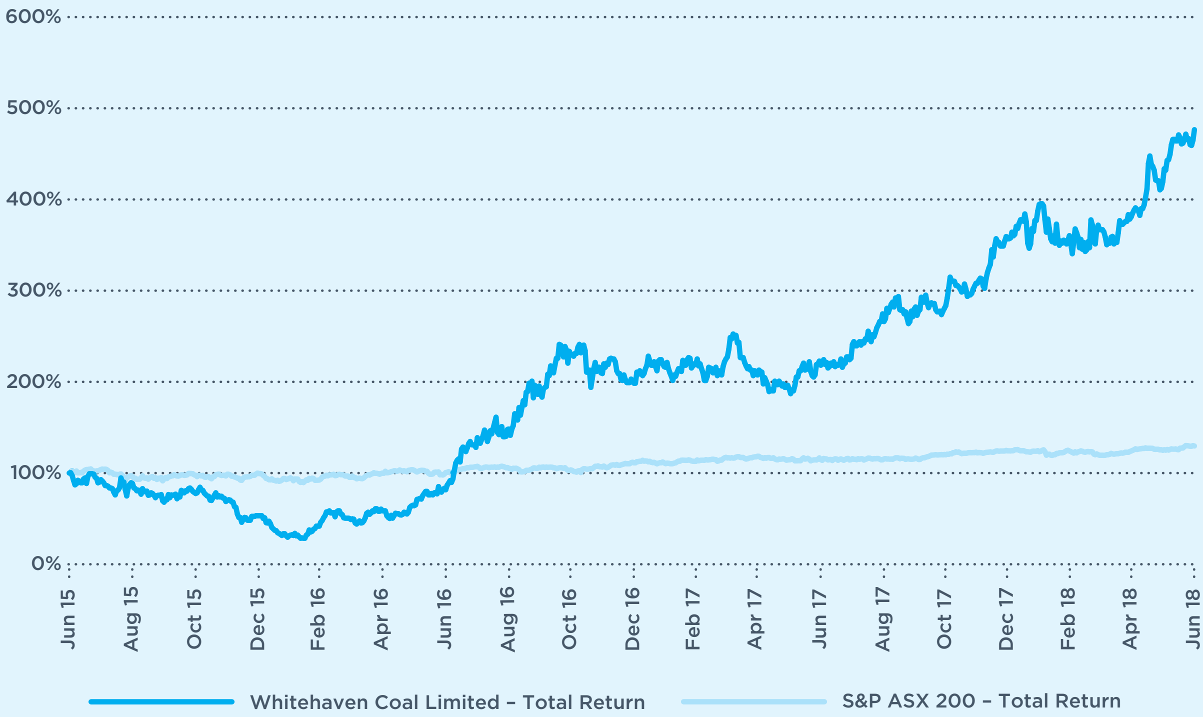
FY17: $714.2M

SHAREHOLDER DISTRIBUTIONS AND DIVIDENDS

40c/SHARE

FY17: 20C PER SHARE

WHITEHAVEN COAL SHAREHOLDER RETURN VERSUS ASX200



ECONOMIC CONTRIBUTION HIGHLIGHTS

WE HAVE INVESTED MORE THAN

$1.5BN

in the North West NSW economy in the past five years

$12M

in salaries to indigenous workforce flowing back into communities each year

WE MADE PAYMENTS OF

$172.1M

to employees last year

WE PAID

$283.9M

in taxes and royalties payments to governments last year

$1.9M

in voluntary planning agreement payments for local community infrastructure last year

WE DONATED

$445K

to local community groups and organisations last year

WE SPENT

$293.2M

with local suppliers during the past year

75%

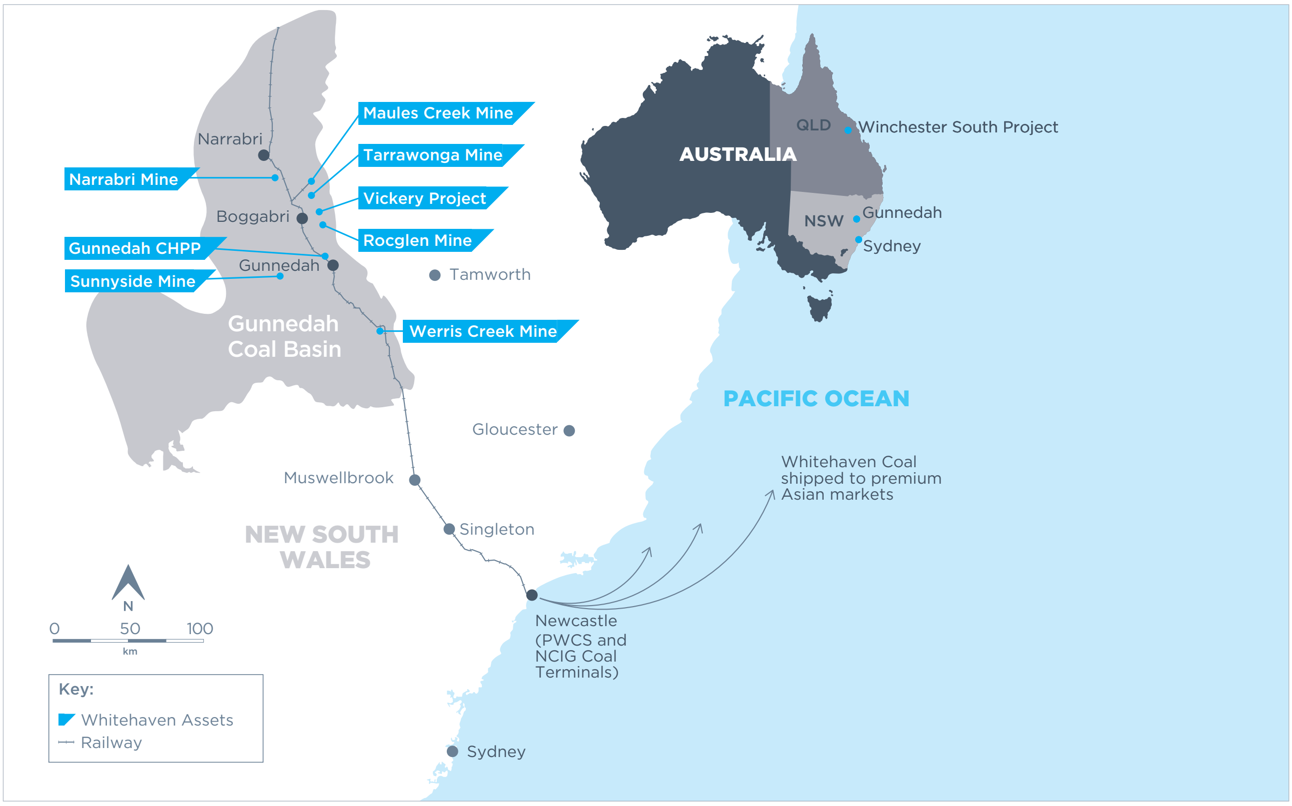
of our workforce live in the area of our operations

11%

of employees self-identify as Aboriginal or Torres Strait Islander

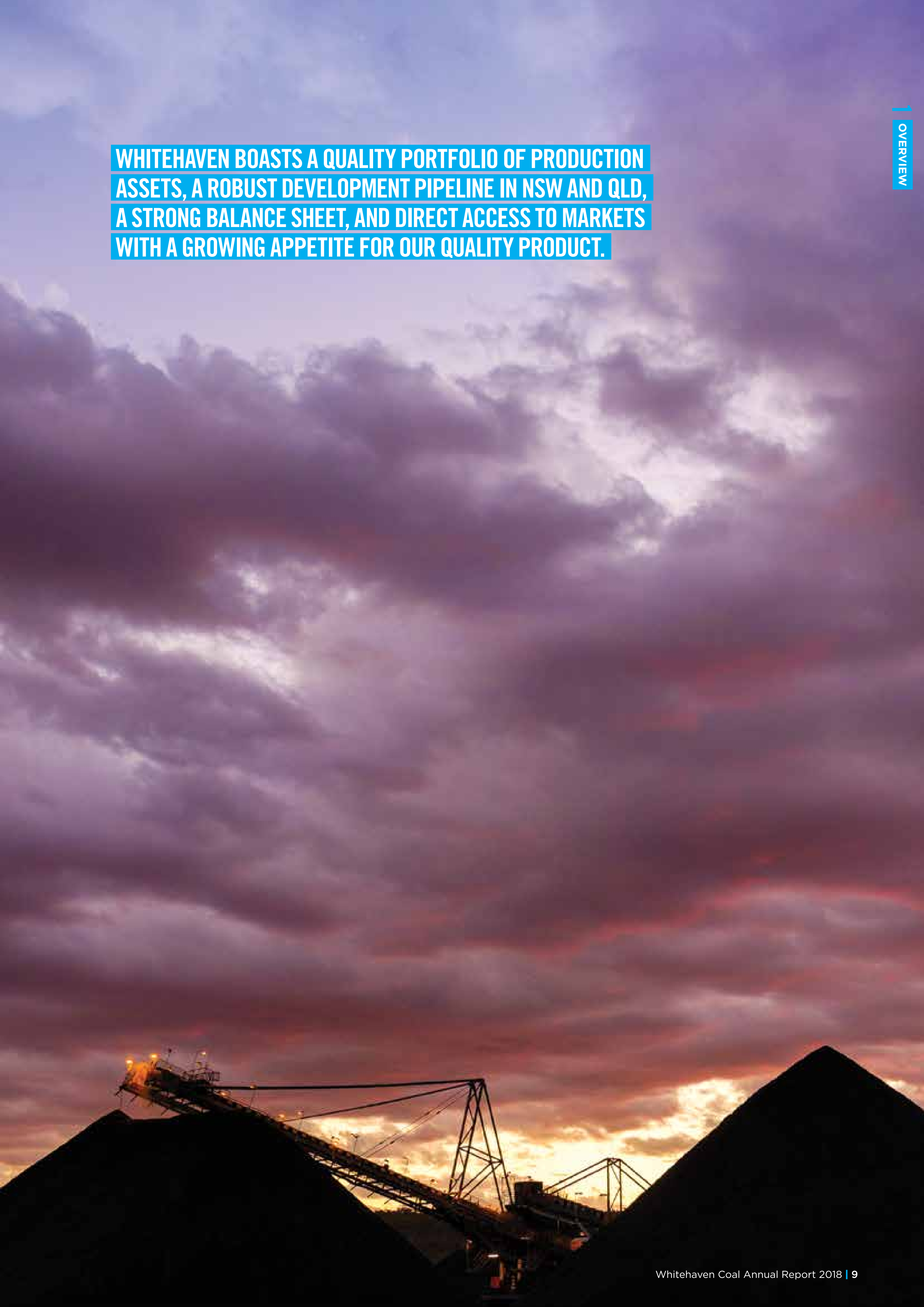
OUR ASSETS

NEW SOUTH WALES



QUEENSLAND

WHITEHAVEN BOASTS A QUALITY PORTFOLIO OF PRODUCTION ASSETS, A ROBUST DEVELOPMENT PIPELINE IN NSW AND QLD, A STRONG BALANCE SHEET, AND DIRECT ACCESS TO MARKETS WITH A GROWING APPETITE FOR OUR QUALITY PRODUCT.



CHAIRMAN'S STATEMENT

BUILDING A BIGGER, STRONGER COMPANY

On behalf of the Board, I am pleased to present you with our 2018 Annual Report.

Over the course of the year, we have continued to focus on further consolidating its status as the leading Australian producer of premium thermal and metallurgical coal. We have successfully leveraged our unique position as the dominant player in Australia's only emerging high-quality coal basin against a backdrop of increasing demand in traditional and new export markets. We have expanded our portfolio of assets consistent with our growth ambitions, and sought to maintain a relentless focus on excellence and efficiency across the business. On any measure, it has been another busy and transformative year.

Pleasingly, our effort has yielded the type of result we set out to achieve 12 months ago. Our record profit after tax of $525.6 million for the year ended 30 June 2018 is more than a reflection of the external price environment and strong demand for our product; it is testament to careful execution on an agreed strategic vision and to a culture that values hard work, respect, diversity and recognition. As Chairman, I am proud of what has been achieved and of the individual and collective performances that have helped underpin the result. Once again, I would like to acknowledge the work of Paul Flynn and his executive group for providing outstanding leadership to our nearly 1,600-strong team.

Looking beyond the headline profit figure, we shipped and marketed in excess of 20 million tonnes of coal, which led the company to achieve revenue of $2,257.4 million and earnings of $525.6 million. Our balance sheet is stronger than at any point in the company's history as an ASX-listed entity, with year average costs of $62/t within the guidance range and debt all but eliminated. Total shareholder return for the year was 118% which included 33 cents per share in dividends and capital return payments.

The Board has declared a dividend alongside the FY18 results of 27 cents per share. The declaration reflects both the record financial performance over the past year and the Board's confidence in the company's future growth prospects. The FY18 dividend and other returns to shareholders during this period brings the total annual shareholder cash return to $595.2 million for the year.

Longstanding shareholders and newer entrants to our register alike can be assured their company is on a sound footing for future success. In this context, it has been a milestone year across a number of areas. In addition to recording our largest ever profit and eliminating debt, we meaningfully entered the ASX100 index, submitted the Environmental Impact Statement for the development of the Vickery Extension Project and took full ownership of the Winchester South tenement in Queensland's Bowen Basin.

These achievements all point to a bigger, more resilient and more sustainable company overall, and one which will be well-positioned to take advantage of forecast new demand for high quality coal emerging in our region.

From a governance perspective, Whitehaven remains focused on building the long-term capability of the Board and ensuring it has the right blend of skills, professional experience and diversity to support the company's strategic growth agenda.

During the course of the year, Christine McLoughlin retired as a Director of Whitehaven after serving nearly six years on the Board. I would like to take this opportunity to thank Christine once again for her valuable contribution and wish her well in her future endeavours.

We were pleased to welcome Fiona Robertson to the Board as a new independent non-executive Director. Fiona has extensive experience in the resources industry having worked as a senior executive and in non-executive director roles for a number of ASX-listed mining companies. Fiona brings significant skills and insight to the Board as we continue on our growth path.

From a corporate governance perspective, the year has also seen changes at Committee level. Fiona Robertson was appointed to the Audit & Risk Management and the Remuneration Committees, John Conde was appointed Chair of the Remuneration Committee and Julie Beeby was appointed Chair of the Health, Safety, Environment and Community Committee.

Looking back on what represents a period of significant achievement, I would like conclude by taking this opportunity to pay tribute once again to my fellow directors, senior management and the entire Whitehaven workforce, and to thank our Joint Venture Partners, banking syndicate and our shareholders for their continued support. Our sector is not without its challenges but, as a company, we have never been more strongly positioned for future success.

We look forward to another outstanding year in FY2019.

The Hon. Mark Vaile AO
Chairman

MANAGING DIRECTOR AND CEO STATEMENT

POWERING THE REGION

Our 10th year as an ASX listed entity has seen the company continue on its growth path and deliver even greater value for our shareholders. We have, of course, recorded our largest ever profit, but this could not have been achieved without shared vision and strategic purpose across the company. It is pleasing that, in spite of greater scale and complexity, we find ourselves more aligned, more committed and better positioned than ever before to capture the opportunity represented by the wave of new electricity demand emerging in our region.

Our company has grown from relatively humble beginnings to become the largest Australian pure coal company listed on the Australian Securities Exchange. We have established the dominant presence in Australia's only emerging high-quality coal basin and built a reputation for excellence in both operations and project delivery.

The year marked a significant turning point in the company's evolution with the acquisition from Rio Tinto of the Winchester South tenement in the Bowen Basin. It was a timely transaction which has given us a footprint in one of the world's premier coking coal basins and now sees our company straddling both of Australia's best coal producing jurisdictions in Queensland and New South Wales.

We are at an exciting stage in the development of our company. We boast a quality portfolio of production assets, a robust development pipeline with our Vickery and Winchester South projects, an enviable balance sheet position and direct access to markets in our region that have a strong and growing appetite for the quality product we offer. We are on a clear path to becoming not only bigger, but more resilient, sustainable and efficient.

Arriving at this point has been a shared enterprise across our executive leadership group, joint venture partners, banking syndicate and, of course, the men and women that make up our proudly locally based workforce. I would like to take this opportunity to express my thanks for a remarkable team effort which reflects not only the hard work to date, but what we are capable of in the future.

OPERATIONS

Turning to our operational highlights, I am pleased to report we have delivered on the objectives we set out to achieve 12 months ago. We have maintained a focus on safety, met our production guidance, repaid debt and held costs in the first quartile. Key features of the FY18 include:

- Group TRIFR at the end of June 2018 of 6.9 – a record low for the company
- Managed ROM coal production of 22.9Mt and sales of coal of 22.1Mt, respectively in-line and 7% higher than previously
- Record full year ROM production of 11Mt at Maules Creek, 13% higher than the previous year
- Grew metallurgical sales in line with expectations, comprising 17% total sales for the year.

While we reported a record low TRIFR for the year, we have been reminded there can be no complacency when it comes to ensuring our workers arrive home safely to their families at the end of each shift. A bigger company and extra tonnes cannot come at the expense of safety, and we remain focused on keeping our TRIFR well below industry average by enshrining our Safehaven Rules through every aspect of our operations, behaviour and philosophy.

While our Narrabri Underground Mine did not meet full year production guidance, it is important to provide some additional context and reassurance around this result:

1. Localised weighting issues are a known feature of underground mines as they progress deeper

2. We are managing weighting at Narrabri somewhat sooner than modelled but it was a task we knew would arise, and with which we were prepared to deal
3. By any measure, 6.3Mt for the year still places Narrabri in the top percentile for underground mines in Australia.

Our experience with Narrabri has also underscored the importance of holding a balanced portfolio of production assets where production shortfalls in one area are able to be offset elsewhere, as has transpired this year with record production from Maules Creek and a strong finish by the smaller Gunnedah open cuts.

POWERING THE REGION

Recently we launched a local digital communications campaign to support the development of our Vickery Extension Project under the banner *'Powering the Region'*. We are hopeful the campaign has inspired those who have shared in the economic dividend of our presence to voice their support for Vickery to ensure its full economic potential is realised.

The campaign slogan was deliberately chosen for its double meaning, reflecting the company's significant economic contribution to local communities in North West New South Wales and the fact that coal produced in this region is quite literally helping to power a new wave of economic development in South and Southeast Asia.

COMMUNITY

Although our company has grown significantly over the years, we have never lost sight of the fact that local communities and local people are the lifeblood of Australia's mining sector. This is why we have always said local communities must be the main beneficiaries of our presence and be able to trust us and talk to us as they would any good neighbour.

We are proud to be the largest non-government employer in the region, with more than 1,500 men and women working across our six operational mines. We do not employ a fly-in, fly-out workforce, and today more than 75% of our employees live permanently in and around the towns where we operate including Narrabri, Boggabri, Werris Creek and Gunnedah.

Our goal continues to be that, as we grow, the local community continues to see and share in the benefits of our presence, whether that is as an employee, a young Indigenous trainee, a local contractor or supplier, a student at the Whitehaven-sponsored Aboriginal Girls Academy in Gunnedah or a farmer working land owned by Whitehaven or benefiting from our local water-sharing initiative at Werris Creek.

We believe that being community-focused starts with listening. This year we will undertake our fourth bi-annual round of community sentiment research that most recently showed that in Gunnedah where our local office is located, two thirds of the entire community supports mining. Across the region more broadly, 70% of the population considers that Whitehaven has a positive effect on the local economy.

OUTLOOK

In the recently released IEA World Energy Outlook 2017 report, the IEA has forecast coal demand in Southeast Asia to grow from 187Mt in 2016 to 452Mt in 2040, an additional 265Mt of coal. The growth is more than Australia's current exports and provides a great opportunity for Australian coal producers. With Maules Creek continuing to ramp production and our new projects – Vickery and Winchester South, Whitehaven is well placed to participate in this growth over the next decade.

Thank you for your support.

Paul Flynn
Managing Director and CEO

Section 2

COAL

RESPONDING TO GLOBAL CHALLENGES

Coal is a critical building block for economic and social development. According to the International Energy Agency World Energy Outlook 2017 (WEO2017) report, coal provided 37% of the world's electricity in 2016. Coal is essential in the production of steel and cement and other energy intensive products vital for modern life.

There are 1.1 billion people in the world today without access to electricity, deprived of modern healthcare, education and balanced nutrition.

About 2.5 billion people, half of whom live in India and China, do not have access to clean cooking facilities. This leads to 4.3 million premature deaths globally each year from household air pollution. Thankfully this is changing.

According to the WEO2017, world electricity production is expected to grow by 59% from 24,765TWh in 2016 to 39,289TWh in 2040 under the "New Policies" scenario.

By 2040, the electrification rate in Asia will reach 99%, helping to significantly reduce the number of premature deaths from household pollution.

In aiming to meet emissions reduction targets, many countries have announced massive investments in renewable intermittent generation infrastructure, 2.5 times more than in new fossil-fuel powered capacities. However, IEA predicts the share of total electricity produced by wind, solar and biofuel will rise from 5% in 2016 to just 19% by 2040.

Subsidies paid for renewable generation were US$120 billion in 2015. These subsidies are expected to be over US$207 billion in 2040 with trillions of dollars spent in the intervening years.

Coal's share of electricity generation is expected to be 26% in 2040, more than for wind and solar combined.

The cost of renewable generation has decreased, however the low concentration of natural energy and intermittency remain key weaknesses. For example, it takes roughly $1m^2$ of land to produce 1W of wind power and for solar power it takes the same area to produce 5W in countries with limited sunshine (such as Germany), rising to 20W in sunny deserts.

Average capacity utilisation around the world is 17% for solar and 29% for wind so without backup intermittent renewables cannot possibly provide 24/7 electricity.

While wind and solar power emit no CO_2 during end use, their manufacture and construction involve materials made by carbon-intensive technologies. For example, it takes 550 tonnes of iron and steel to produce 1MW of wind power, compared with 35 tonnes for coal-fired and 5 tonnes for gas-fired power stations.

Coal and gas will remain the two most widely used power sources for several decades to come at least, accounting for 26% and 23% respectively of electricity generation in 2040, according to the WEO2017.

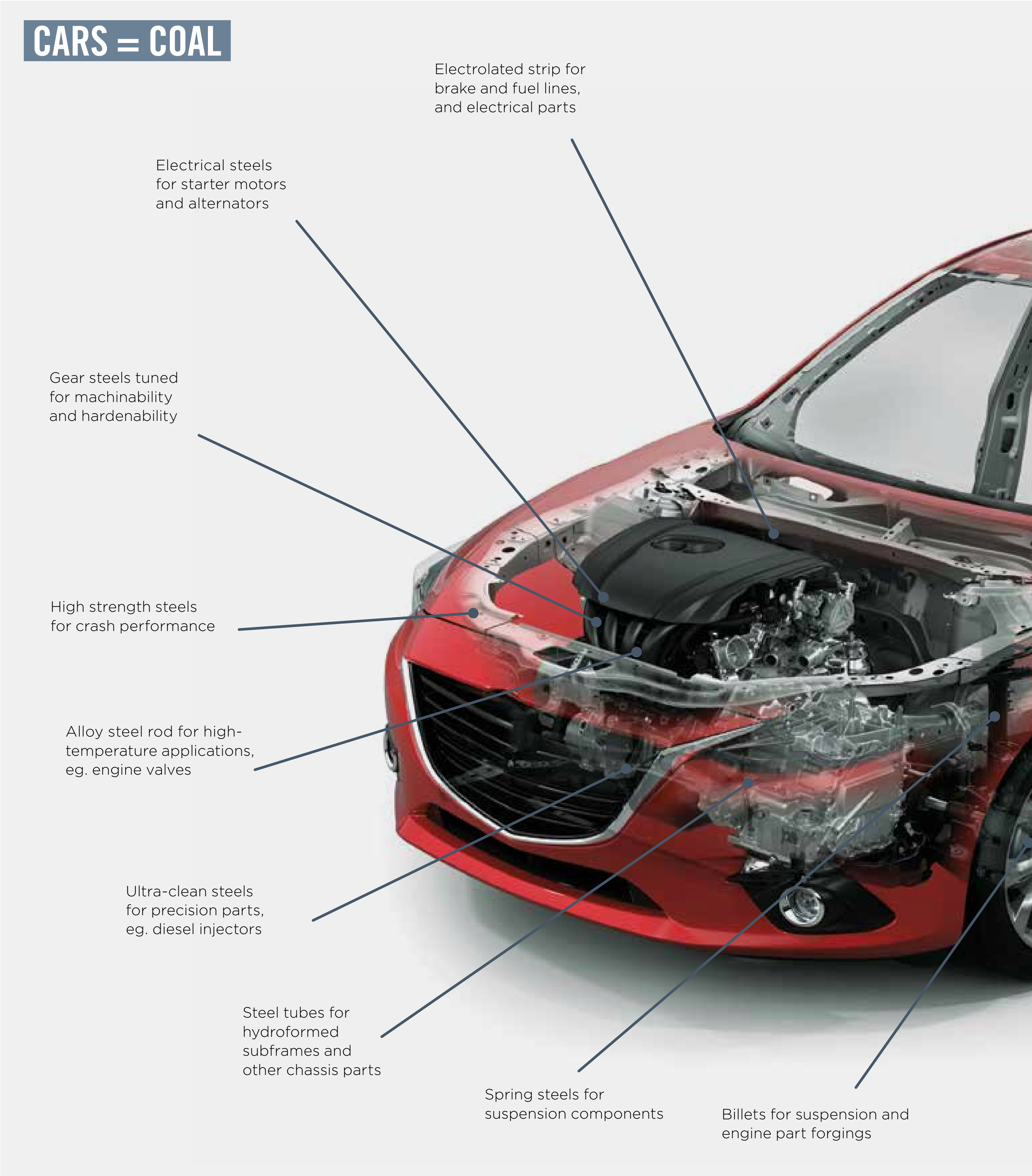
The affordability, versatility and cost-effectiveness of coal, allied with its relative ease of extraction and transportation, will ensure demand for many years to come. Coal will provide power and heat for many regions where economic or natural reasons make other sources unaffordable.

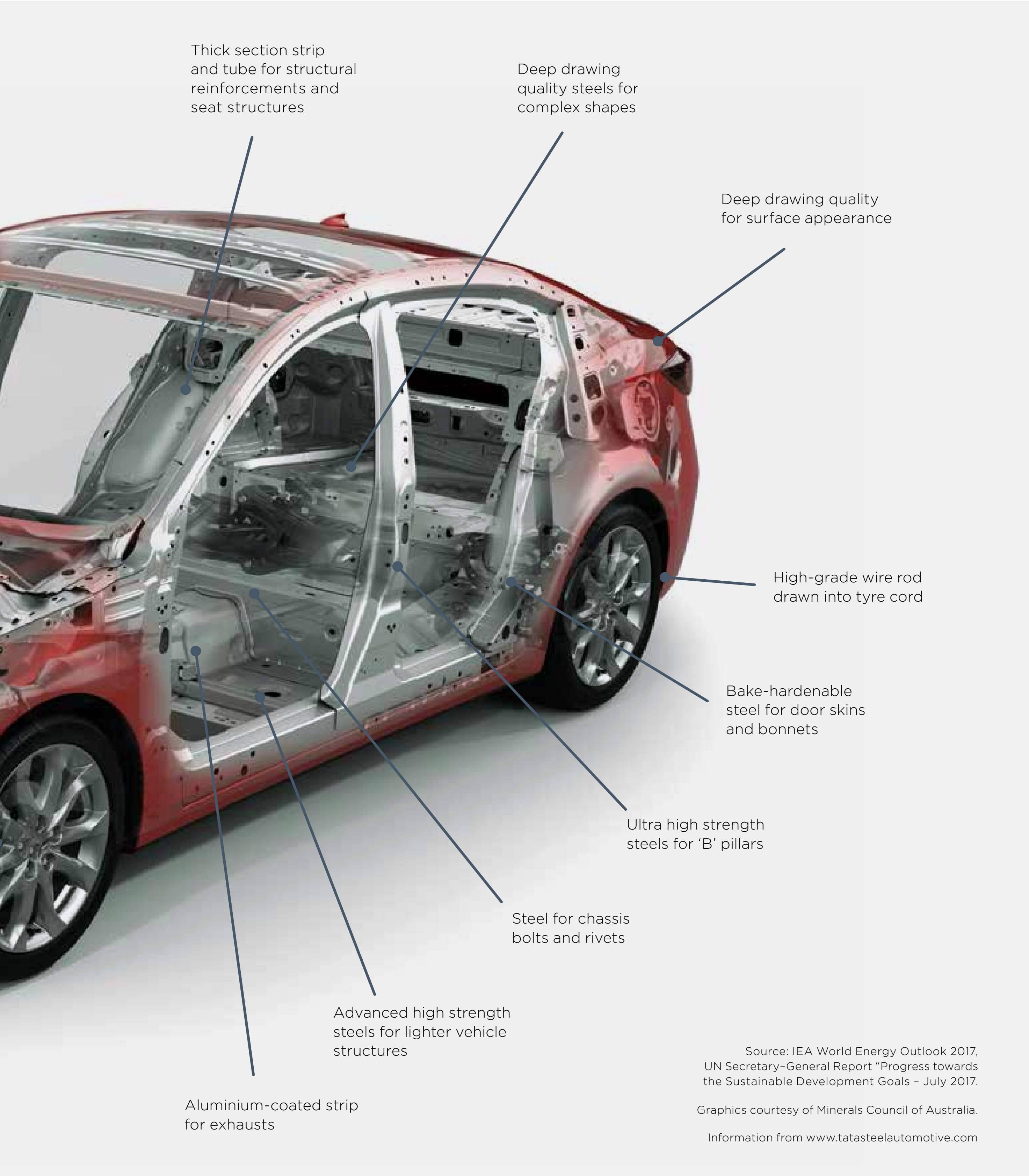
THERE ARE 1.1 BILLION PEOPLE IN THE WORLD TODAY WITHOUT ACCESS TO ELECTRICITY, DEPRIVED OF MODERN HEALTHCARE, EDUCATION AND BALANCED NUTRITION.

COAL IN SOCIETY

New steel is the product of iron ore and coking coal. Every tonne of steel needs about 800 kilograms of coal. That means every car on the road is a product of the coal industry.

CARS = COAL





Source: IEA World Energy Outlook 2017,
UN Secretary–General Report "Progress towards
the Sustainable Development Goals – July 2017.

Graphics courtesy of Minerals Council of Australia.

Information from www.tatasteelautomotive.com

COAL IN THE WORLD AND THE REGION

A total of 24 countries, including some of the world's largest users of coal – China, India and Japan – have included a role for coal in the respective Nationally Determined Contributions (NDCs) in response to the Paris COP21 meeting.

According to the IEA in 2016, 83GW of coal fired generating capacity was installed in the world, more than any other single technology. More than 210GW of coal fired generating capacity was under construction – 90GW in China, 50GW in India and 25GW in Southeast Asia.

Under the IEA New Policy Scenario (that is, as if all the NDCs were implemented), over the next 22 years coal demand will grow by 247Mt of coal equivalent per annum.

Countries around the world are increasingly turning to the installation of supercritical and ultra-supercritical power stations – commonly termed HELE for high efficiency, low emissions technology.

The key to coal's inclusion in s o many NDCs lies in the need for countries to deliver affordable and reliable electricity. HELE coal, combined with new technology, is allowing this to be done more efficiently and with lower emissions.

GROWING SOUTHEAST ASIA

Southeast Asia is the key growth market for Australian coal miners such as Whitehaven. Coal demand is forecast to grow strongly out to 2040 for both power generation and industrial activity.

Demand grows from 187Mt to 450Mt, an increase of more than 260Mt which is more than Australia's current total thermal coal exports today.

A number of these countries are already buying coal from Whitehaven.

DEPLOYMENT OF HELE TECHNOLOGY IN SOUTHEAST ASIA

HELE coal is a key feature of many NDCs because it is affordable and reliable, and can help meet growing electricity demand in a more carbon-constrained world.

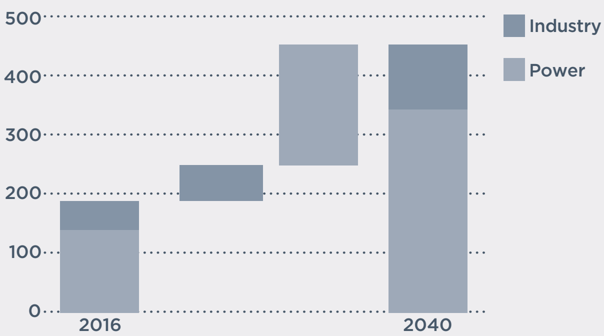
These Southeast Asian countries are choosing HELE because they know its air quality outcomes are approaching that of gas, that HELE generates cheaper electricity than gas and is the best technology available to meet those three limbs of the energy trilemma: reliability, affordability and emissions reductions.

These factors will continue to drive the need for high-quality Australian coal.

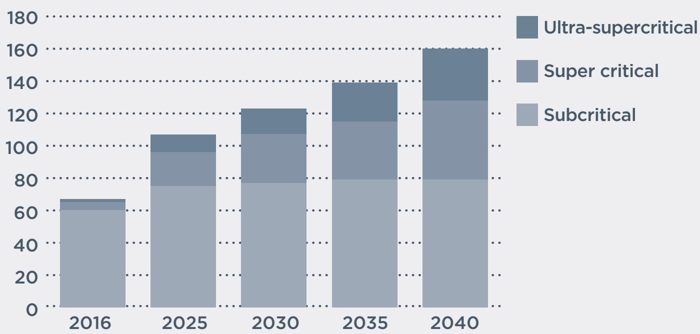
HELE GENERATES CHEAPER ENERGY THAN GAS AND IS THE BEST TECHNOLOGY AVAILABLE TO MEET THOSE THREE LIMBS OF THE ENERGY TRILEMMA: RELIABILITY, AFFORDABILITY AND EMISSIONS REDUCTIONS.

Isogo power plant, south of Tokyo, owned and operator by J-Power, a joint venture partner of Whitehaven, which has been recognised as one of the world's cleanest coal-fired power stations.

COAL DEMAND GROWTH BY SECTOR IN SE ASIA (MT)



INSTALLED CAPACITY BY TECHNOLOGY (GW)



Source: IEA Southeast Asia Energy Outlook 2017 – New Policy Scenario

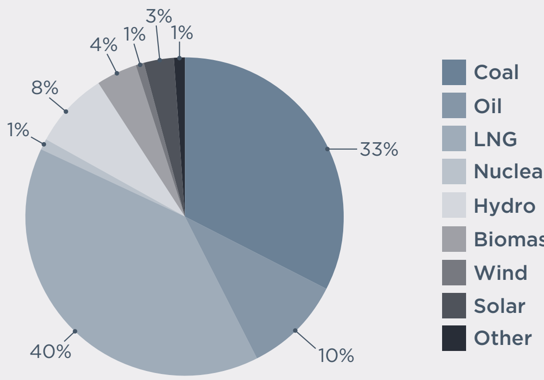
The Whitehaven Coal Board of Directors met with the Australian Ambassador to Japan, The Hon Richard Court AC, during a visit to Japan to meet joint venture partners and customers in early 2018.

CASE STUDY – JAPAN

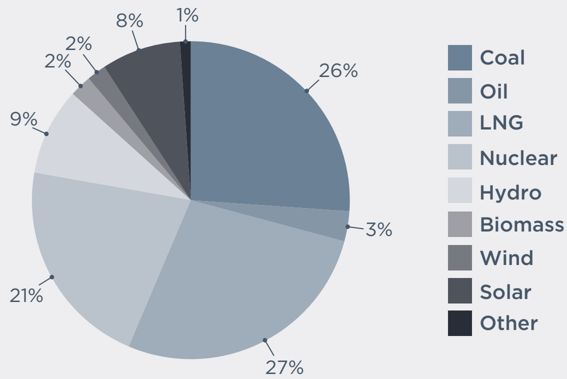
Japan is our largest customer, purchasing 61% of the thermal coal and 11% of the metallurgical coal produced by the company in FY2018. Japan currently generates about 30% of its electricity from coal fired generators and by 2040 coal is still expected to represent at least 22% of supplied electricity, double the contribution from renewables (wind and solar). In the event that nuclear power does not reach current forecasts in 2040, then coal's contribution is likely to be higher than the 22% indicated in current forecasts.

Japan's fleet of coal fired power plants has achieved the highest average efficiency of 42% and least amount of pollutants in the world. For example, the Isogo power station in Yokohama city runs at 43% efficiency with emissions of 20ppm SOX, 10ppm NOX and PM 5mg/m^3. These are the equivalent of emissions from gas fired power stations. The efficiency of the fleet in Japan will continue to improve as the fleet is renewed with more HELE capacity power stations.

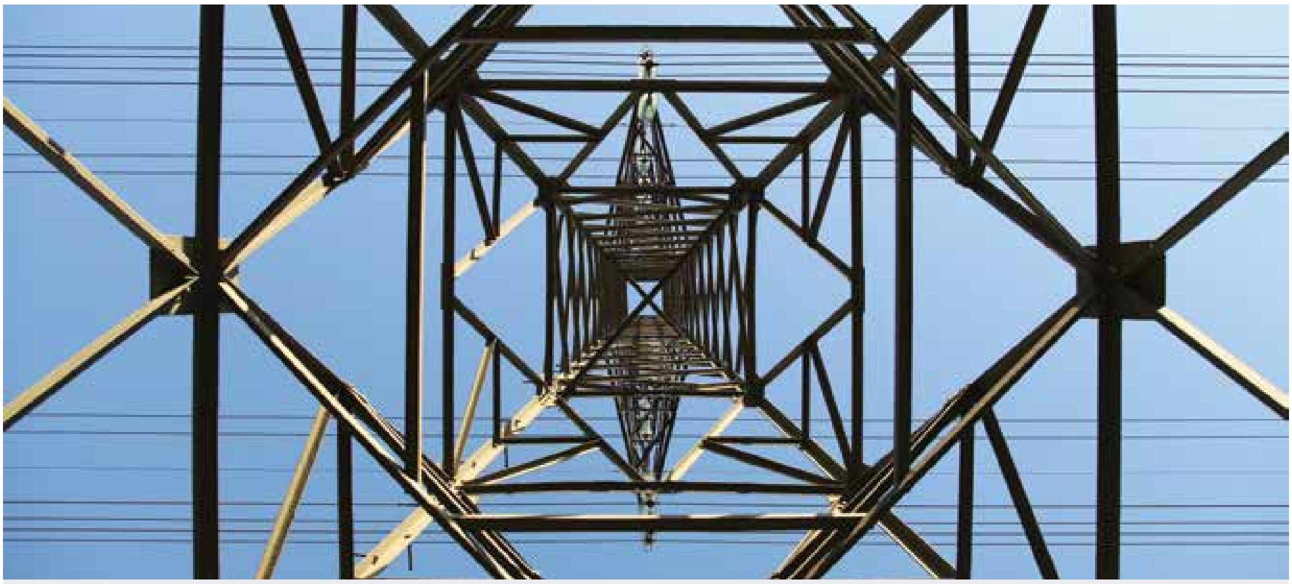
JAPAN ELECTRICITY GENERATION 2015



JAPAN COP21 TARGET MIX 2030



ELECTRICITY AND COAL IN AUSTRALIA



CASE STUDY – ELECTRICITY PRICES

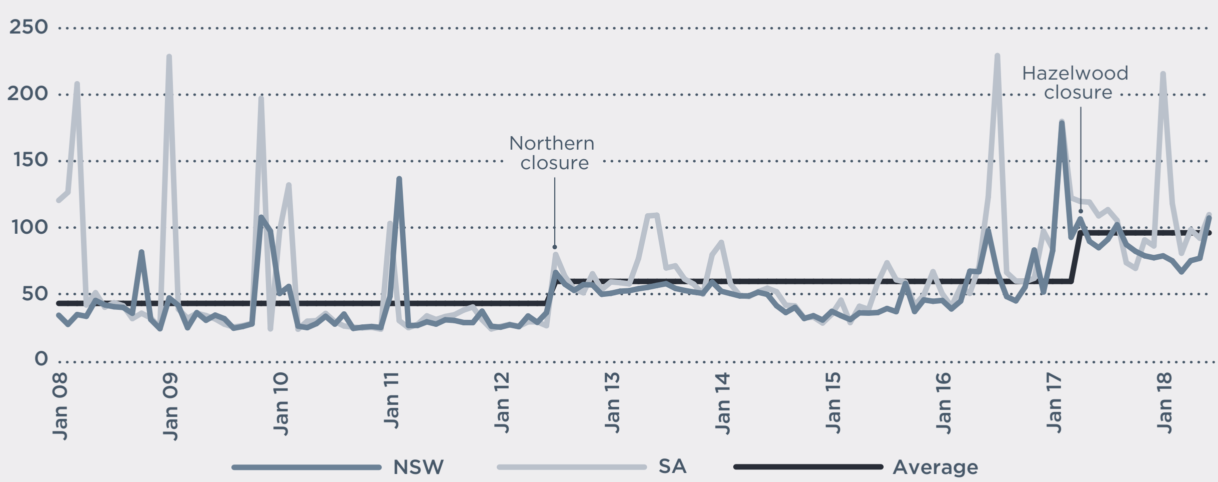
Australia is a significant energy producer and exporter of LNG and thermal coal into the Asian region.

Historically, Australia's electricity prices were among the lowest in the world as domestic coal and gas was used for electricity generation. In recent years, however, wholesale prices have increased to a point where Australian residential customers now pay some of the highest electricity prices in the world. New South Wales, where coal provides most of the electricity, and South Australia, which utilises renewables and gas, provide examples of how electricity prices have increased since 2008.

The combination of Renewable Energy Target Subsidies (RET) established to encourage the development of renewable generation, closure of coal fired power stations and grid upgrades to cope with intermittent renewable electricity have increased electric prices in both states. South Australia has the highest prices in the country.

The average wholesale electricity price in the period from 2008 until the closure of the Northern Power Station in South Australia, in March 2012, was $37 per MWh in New South Wales and $49 per MWh in South Australia. The combination of increasing penetration of renewables and closure of the Hazelwood Power Station in Victoria in March 2017, led to further increases in wholesale electricity prices to an average of $86 per MWh in New South Wales and $108 per MWh in South Australia. This continues the trend where South Australia, with the highest penetration of renewables, has the highest electricity prices in Australia.

NSW AND SA WHOLESALE ELECTRICITY PRICES ($/MW)



Source: AEMO (Australian Energy Market Operator).

COAL'S CONTRIBUTION TO AUSTRALIAN ECONOMY

Coal is forecast to be Australia's largest export earner in 2018–19, just ahead of iron ore, according to the latest commodity forecast from the Department of Industry's Office of the Chief Economist.

The June 2018 Resources and Energy Quarterly shows coal is expected to earn $60.2 billion in 2017–18 – its highest-ever annual level. The total comprises $37.5 billion (182Mt methallurgical coal) and $22.7 billion (200.5Mt thermal coal).

Historically, coal has been Australia's biggest export earner and the latest forecasts confirm its ongoing significance to the Australian economy.

Coal is the largest export contributor in both New South Wales and Queensland, and is sold into established north Asian markets and the rapidly-growing markets of Southeast Asia and India.

The past 18 months show the market fundamentals for Australian coal are positive. The high productivity of our coal companies, their proximity to major markets and strong regional economic and population growth underpins coal exports over the long term.

Analysis by Commodity Insights' forecast import demand for thermal coal alone across Asia could expand by up to 400Mt by 2030.

High-quality Australian coal supports both energy production and steel making. The high-energy, low ash qualities of Australian coal ideally match the needs of the many HELE coal-fired power plants operating and being built throughout Asia, and our high-grade metallurgical coals are amongst the best in the world for modern steel making.

In addition to export revenue, coal continues to make a significant contribution to the Australian economy. It provides 75% of generation in the National Electricity Market, more than 51,000 direct jobs and $6 billion in state royalties annually to pay for police, nurses, teachers and other vital services and infrastructure.

THE HIGH-ENERGY, LOW ASH QUALITIES OF AUSTRALIAN COAL IDEALLY MATCH THE NEEDS OF THE MANY HELE COAL-FIRED POWER PLANTS OPERATING AND BEING BUILT THROUGHOUT ASIA.

The NCIG Terminal in Newcastle, NSW.

SALES AND MARKETING

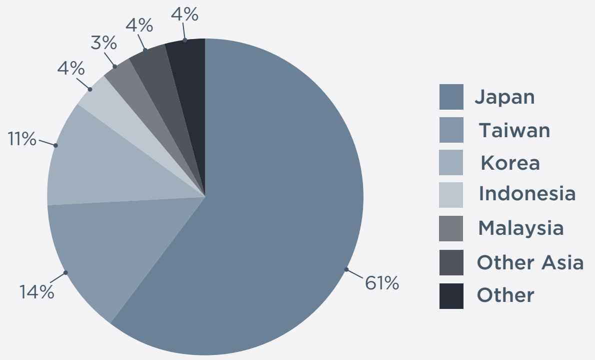
We continue to increase sales into a strongly growing Southeast Asia market.

Managed sales for the year were 22.1Mt including purchased coal. While Japan remains the dominant market for our premium product, increased sales of this high-quality coal to Taiwan has seen that country overtake Korea as the second largest consumer of our thermal product.

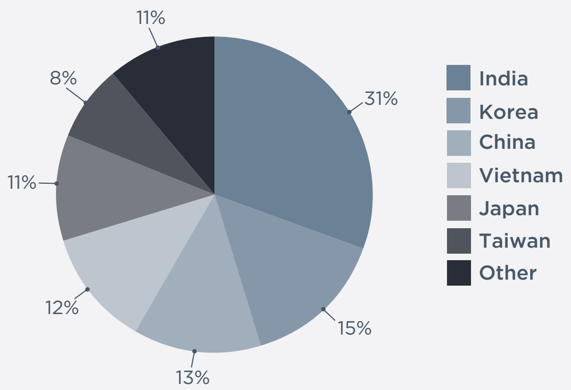
With metallurgical coal, the sales destination and spread of customers continues to increase as more customers trial semi soft coking coal from the Maules Creek mine.

MAJOR SALES DESTINATIONS

THERMAL COAL SALES FY2018



METALLURGICAL COAL SALES FY2018



OUTLOOK STATEMENT

OPERATIONS

With the Vickery EIS now lodged and with the acquisition of the Winchester South project completed, production is set to grow strongly over the next decade. Saleable coal production guidance for FY2019 is forecast to be in the range of 22Mt to 23Mt. Narrabri production should stabilise and Maules Creek will continue to ramp up to its fully approved rate of 13Mtpa ROM coal. Production from the smaller open cuts is expected to be on trend with the most recent five-year average.

PRICING

Thermal coal prices have traded well above consensus forecasts for the past year and reached six-year highs at the end of the financial year. With continuing Asian demand, prices are likely to remain strong. Recent analysis, by respected industry consultants CRU, is expecting globalCOAL Newc Index prices to remain over US$90/t for the next five years, an increase of about US$10/t over their forecasts earlier this year. Demand remains strong particularly in Asia and the supply response has been limited. These factors underpin a favourable price outlook for the next year.

Metallurgical coal prices have also remained high for the year with hard coking coal trading above US$200/t for most of the period. Strong demand from steelmakers and recent railing issues in Queensland have seen prices trade well above market expectations. With Queensland rail issues unresolved and the dispute between Aurizon and the regulator ongoing, prices for higher quality metallurgical coals are likely to remain well supported over 2018 and into 2019.

DEMAND

Global coal demand increased by 2% in CY 2017. Strong demand growth in China, India and Southeast Asia more than offset the decline in Europe. Industry analysts are indicating that global demand should grow by a further 1.8% (110Mt) in 2018 and at a steady and similar rate for the next five years, adding almost 600Mt to annual consumption by 2022.

Demand for thermal coal in the seaborne market is being driven by strong economic growth in Asia and the ongoing deployment of new coal fired power stations in the Asian region. In China, power generation increased by 6.2% year-on-year in 2017 and was up by another 8.6% year-on-year to May 2018. This has increased China's draw on the seaborne market as domestic coal production has been constrained by infrastructure bottlenecks and ongoing safety and environmental inspections at many mines. Several other countries in the region, such as Malaysia, Vietnam and Philippines, have increased coal imports as domestic gas production starts to decline. In addition, Pakistan and Bangladesh are deploying new ultra supercritical units and will look to the seaborne market for fuel in the near future.

Thermal coal supply is being constrained in a number of exporting countries. Australian production has failed to increase in response to higher prices. Only the United States and Indonesia have responded to the higher prices by increasing exports. Coal mining companies are reluctant to commit capital to new thermal coal mines in response to the poor market conditions that prevailed between 2012 and 2016. With limited investment in new mines, and the lead times for new projects extending, very few new mines are likely to begin production before 2022. Combining these factors leads to a thermal coal market likely to be undersupplied for several years.

Metallurgical coal has also been in strong demand as steelmakers increase production in an effort to capture the high margins on offer. Under this scenario the demand for higher quality coking coals has been strong as steelmakers require higher quality coke to make their steel products.

INDUSTRY ANALYSTS ARE INDICATING THAT GLOBAL DEMAND SHOULD GROW BY A FURTHER 1.8% (110Mt) IN 2018 AND AT A STEADY AND SIMILAR RATE FOR THE NEXT FIVE YEARS, ADDING ALMOST 600Mt TO ANNUAL CONSUMPTION BY 2022.

Section 3

STRATEGY

STRATEGY INTRODUCTION

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

GROW PREMIUM COAL MARKET SHARE

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

GROW PORTFOLIO OF QUALITY ASSETS

Having delivered the tier one Maules Creek mine ahead of schedule and below budget, we have a track record of efficient project delivery. As we look forward to another 10 years of success, the proposed Vickery Extension Project is next in our pipeline of projects to meet market needs. This year's purchase of the Winchester South project provides another high quality growth option both in tonnes and product diversity.

RECRUIT AND RETAIN TOP TALENT

We are 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.

KEEP COSTS DOWN

We continue to have a long-term commitment to reduce and contain 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.

The Whitehaven senior executive team. (Not pictured is Michael Van Maanen, EGM Corporate and External Affairs).

OUR PROCESS FROM PIT TO PORT

OPEN CUT MINING

OUR MINES
Maules Creek
Tarrawonga
Werris Creek
Rocglen
Sunnyside
Vickery Project
Winchester South Project

KEY HIGHLIGHT
Our Maules Creek mine uses state-of-the-art ultra-class mining fleet.

OUR MINE
Narrabri

KEY HIGHLIGHT
Our Narrabri longwall mine is one of the most productive in Australia.

1.

Open cut and underground mining: Our cost-efficient mining delivers a sustainable supply of high-quality thermal and metallurgical coal. Using **open-cut mining** methods at Maules Creek, Sunnyside, Tarrawonga, Werris Creek and Rocglen and **underground mining** at Narrabri, we produce high quality coal. Ongoing sustaining capital investment ensures operations maintain a low cost position.

2.

Washing and processing: Washing plants and processing facilities improve the quality of coal and enables the production of higher value metallurgical coal. Washing reduces ash, increases energy content and improves the market value. Coal is also crushed and screened so that it can precisely meet customers' size specifications. We operate washing and processing facilities at Maules Creek, Narrabri and Gunnedah.

KEY HIGHLIGHT

Our coal from the Gunnedah Basin is some of the highest quality among Australian producers – attracting premium pricing from our Asian partners and customers. It also helps customers reduce carbon emissions in modern power stations.

3.

Transport: Our coal is transported by train to the Port of Newcastle before being loaded on ships which deliver the coal to our customers in Asia. The location of our assets, with good access to key transport and port infrastructure, enables us to reliably supply the major markets of the Asia Pacific region.

4.

Sales: Our extensive sales network ensures reliable coal supplies to customers across Asia. Our marketing offices in Newcastle and Tokyo help mitigate business risk.

KEY HIGHLIGHT

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.

RISK AND GOVERNANCE

Our Board is focused on high standards of governance, compliance, business conduct, safety and environmental performance. 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.

Our corporate governance statement is available on our website in the section titled Corporate Governance: www.whitehavencoal.com.au/about_us/corporate_governance.cfm

A summary of our material issues is below. Further detail can be found in our Directors Report on pages 71 and 72.

Our Health, Safety, Environment and Community Committee sets the direction for our continuing commitment to the highest safety, environmental management and community engagement standards. Working with our executive and senior management teams, the Committee helps ensure we have the leadership, capabilities, systems and reporting procedures required to achieve zero harm. We 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.

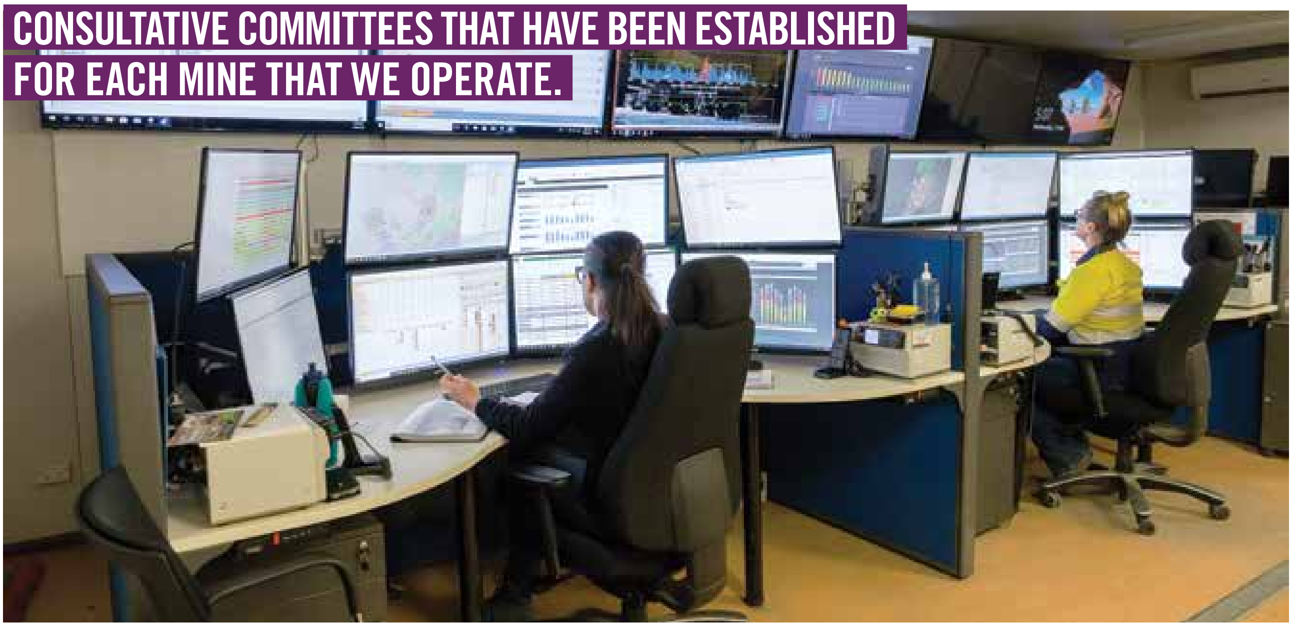
MATERIAL ISSUES

- Political and legislative uncertainty and change
- Operating efficiency
- High quality products and customer satisfaction
- Industry skills and capacity
- Reputation and trust
- Health, safety and well-being
- Corporate responsibility and business ethics
- Stakeholder relationships
- Sustainable procurement of materials.

STRATEGY PILLARS

- Managed growth of business
- Delivering to our customers and communities
- Building skills and leadership
- Operating responsibly
- Working with partners and the supply chain.

THE COMMITTEE HELPS ENSURE WE HAVE THE LEADERSHIP, CAPABILITIES, SYSTEMS AND REPORTING PROCEDURES REQUIRED TO ACHIEVE ZERO HARM. WE REGULARLY REPORT OUR ACTIVITIES TO COMMUNITY CONSULTATIVE COMMITTEES THAT HAVE BEEN ESTABLISHED FOR EACH MINE THAT WE OPERATE.



GLOBAL ACTION ON CLIMATE CHANGE

INTERNATIONAL ENERGY AGENCY PROJECTIONS

The International Energy Agency (IEA) through its annual World Energy Outlook makes projections about world coal demand based on various future scenarios for energy development. The scenarios used by the IEA for these projections change over time as the scenario-based approach incorporates revised policies.

The main scenarios in the WEO2017 are the New Policies Scenario, the Current Policies Scenario and the Sustainable Development Scenario. They are differentiated primarily by the assumptions they make about government policies. The New Policies Scenario is designed to show where existing policies as well as announced policy intentions might lead the energy sector. The Current Policies Scenario provides a point of comparison by considering only those policies and measures enacted into legislation by mid-2017. The Sustainable Development Scenario examines what it would take to achieve the main energy-related components of the '2030 Agenda for Sustainable Development' adopted in 2015 by member states of the United Nations. The three energy-related goals are: to achieve universal energy access to modern energy by 2030; to take urgent action to combat climate change; and to dramatically reduce the pollutant emissions that cause poor air quality.

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.

The New Policies Scenario is the central scenario of WEO2017, and aims to provide a sense of where today's policy ambitions seem likely to take the energy sector. The Nationally Determined Contributions (NDCs) made for the Paris Agreement provide important guidance as to these policy intentions in many countries.

The way that policy intentions, including the NDCs, are reflected in the New Policies Scenario depends on the extent to which their realisation is supported by specific policies and implementing measures. Where these are in place, announced targets are assumed to be met, or indeed exceeded, where macroeconomic, cost or demand trends point to this. However, given that announced policy intentions are often not yet fully incorporated into legislation or regulation, the prospects and timing for their full realisation depend on the IEA's assessment of the institutional context and relevant political, regulatory, market, infrastructure and financing constraints.

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.

Further details are available to the public directly from IEA, including through the IEA's website: **www.iea.org/publications/scenariosandprojections**

REDUCING EMISSIONS

CLIMATE CHANGE

We recognise 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.

Energy must be abundant, reliable and inexpensive to meet growing demand. Access to such energy is critical to meet basic needs, improve living standards, reduce poverty, enable urbanisation and strengthen economies. In addition, access to low-cost energy correlates with human development indicators such as increased life expectancy, education and economic development.

The task we share with many others is to support, develop and introduce new coal-production and energy-generation technologies and working practices to meet global energy demands more sustainably.

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. High-quality Australian coal is ideally suited to help bring about a lower emissions future, today.

We produce some of the best quality coal in the world, high in energy and low in ash, sulphur and other impurities. Our coal assists the Governments of Japan, Korea and Taiwan, reduce their carbon emissions by up to 30%. This stance is fully supported by the 24 countries that have included coal use in their respective NDCs as part of their Paris COP21 commitments. Several large carbon emitters including China, India and Japan are in the group of 24 countries.

The IEA World Energy Outlook 2017 report forecasts that coal demand will continue to increase out to 2040. While coal's share of total electricity generation in the world will decline during the period, the absolute level of coal consumed will grow under the New Policies scenario. Several other industry forecasters support this outlook or are more optimistic about the increased demand for coal in electricity generation and steel making. The 2018 BP Statistical Review of World Energy confirmed coal consumption increased in 2017.

We have extensive contact with investors, shareholders and research analysts during each year (over 1,100 meetings and calls in FY2018) and regularly discusses climate change related issues with those stakeholders. We meet with ESG teams in investment funds and are able to respond to their questions ensuring that these funds remain fully informed about their investment in Whitehaven.

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, economically efficient and do not erode shareholder value.

OUR COAL ASSISTS THE GOVERNMENTS OF JAPAN, KOREA AND TAIWAN, REDUCE THEIR CARBON MISSIONS BY UP TO 30%.

ROYALTIES AND TAX

We are committed to ensuring communities benefit from the growth and development of our business. We are proud of our contribution to the state and the nation's economic strength.

Tax payments are an important element of meeting our obligations to the Australian community. As a proudly Australian company, we operate transparently and in good faith with the Australian Tax Office. And seek to have good working, collaborative relationships with the revenue authorities where our business is undertaken. The Company is fully compliant with the prevailing tax laws of all jurisdictions in which we operate.

WHITEHAVEN TOTAL TAX CONTRIBUTIONS

We operate and are based in Australia. The Company pays taxes according to Australian law. Taxes applicable to our business include:

- Company taxes
- Royalties
- Comprehensive employer taxes such as fringe benefits taxes, payroll taxes and various employee insurances
- Council rates
- Land taxes
- Voluntary Planning Agreement payments.

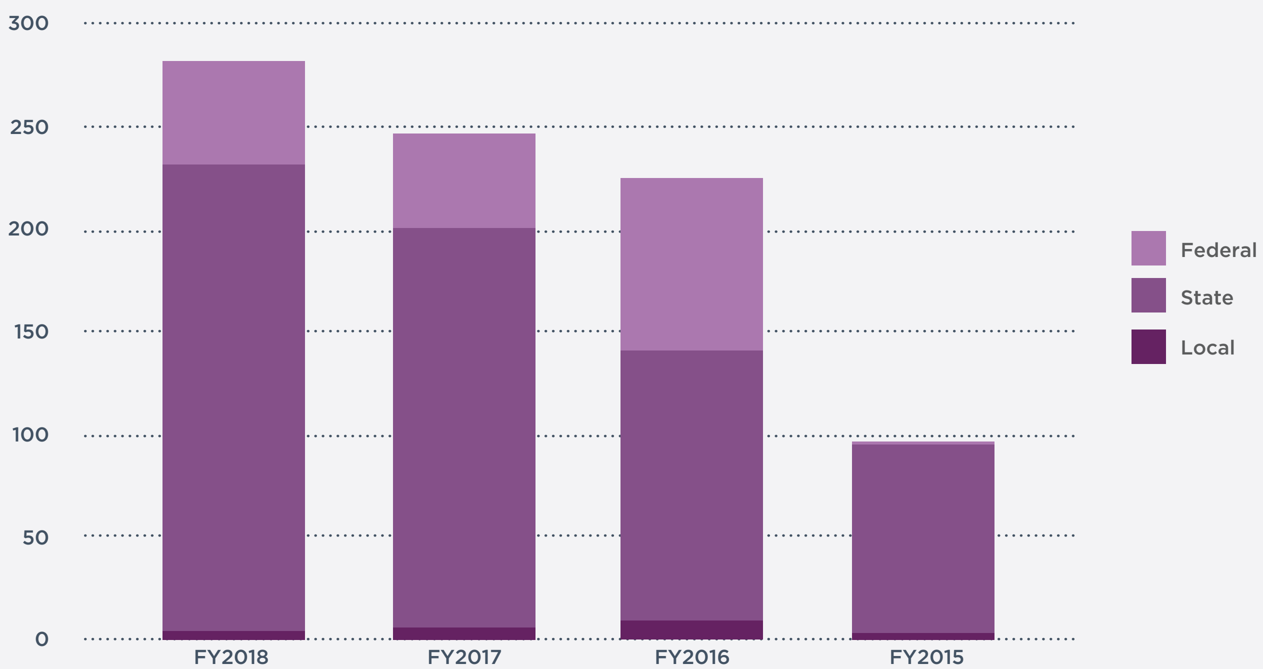
We also collect and pay a number of additional taxes beyond those directly attributable to the Company. These include PAYG withholding tax from salary and wages paid to employees.

As our principal operations are located in Australia, the majority of the Company's tax liabilities are paid in Australia. A summary of our financial year tax obligations and tax history is detailed below.

During the year, we adopted a formal Tax Management and Governance Policy which is included with other Governance Policies on our website.

WE OPERATE TRANSPARENTLY AND IN GOOD FAITH WITH THE AUSTRALIAN TAX OFFICE. AND SEEK TO HAVE GOOD WORKING, COLLABORATIVE RELATIONSHIPS WITH THE REVENUE AUTHORITIES WHERE OUR BUSINESS IS UNDERTAKEN.

TOTAL TAX CONTRIBUTION ($M)



Section 4

OPERATIONS

SUMMARY AND RESULTS IN DETAIL

WHITEHAVEN MANAGED ROM COAL PRODUCTION

	FY2018	FY2017	FY2016	FY2015	FY2014
Gunnedah Open Cuts	5,682	6,142	5,791	5,498	5,874
Narrabri	6,289	7,267	6,888	7,703	5,659
Maules Creek	10,953	9,729	7,826	2,614	–

WHITEHAVEN MANAGED SALEABLE COAL PRODUCTION

	FY2018	FY2017	FY2016	FY2015	FY2014
Gunnedah Open Cuts	5,377	4,811	5,038	5,140	5,060
Narrabri	5,840	6,987	7,269	7,193	5,249
Maules Creek	9,664	8,986	7,384	2,231	–

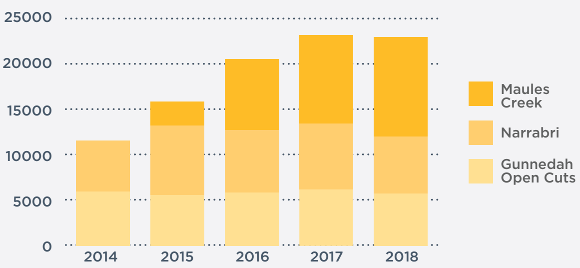
WHITEHAVEN MANAGED COAL SALES INC PURCHASED COAL

	FY2018	FY2017	FY2016	FY2015	FY2014
Gunnedah Open Cuts	5,321	4,616	5,095	5,147	5,206
Narrabri	5,760	6,823	7,532	7,071	5,145
Maules Creek	9,641	8,879	7,421	1,769	–
Purchased Coal	1,339	354	79	–	490

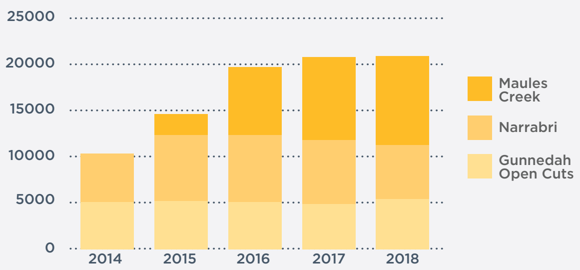
SAFETY STATISTICS

	FY2018	FY2017	FY2016	FY2015	FY2014
TRIFR	6.9	7.4	10.6	9.7	14.6

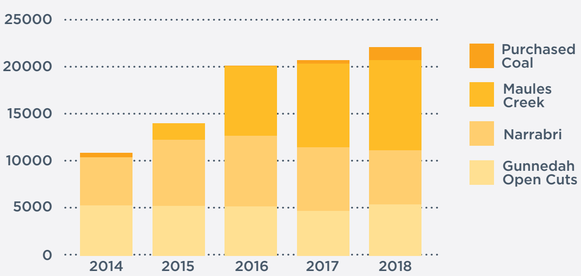
WHITEHAVEN MANAGED ROM COAL PRODUCTION ('000 T)



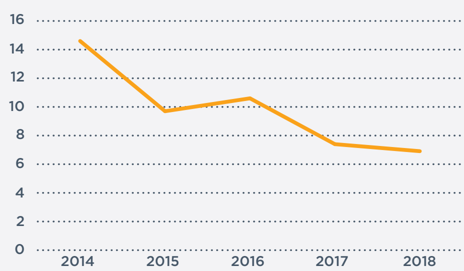
WHITEHAVEN MANAGED SALEABLE COAL PRODUCTION ('000 T)



WHITE MANAGED COAL SALES INC PURCHASED COAL ('000 T)



WHITEHAVEN SAFETY PERFORMANCE (TRIFR)



MAULES CREEK

Our newest mine performed strongly during the year producing a record 11.0Mt ROM coal. In the final quarter the mine operated at an annualised rate of 11.7Mt ROM coal. The introduction of an additional mining fleet in the second half of FY2018 will enable the mine to operate at its approved rate of 13.0Mt ROM coal. Production will progressively increase until FY2020 when this will be achieved.

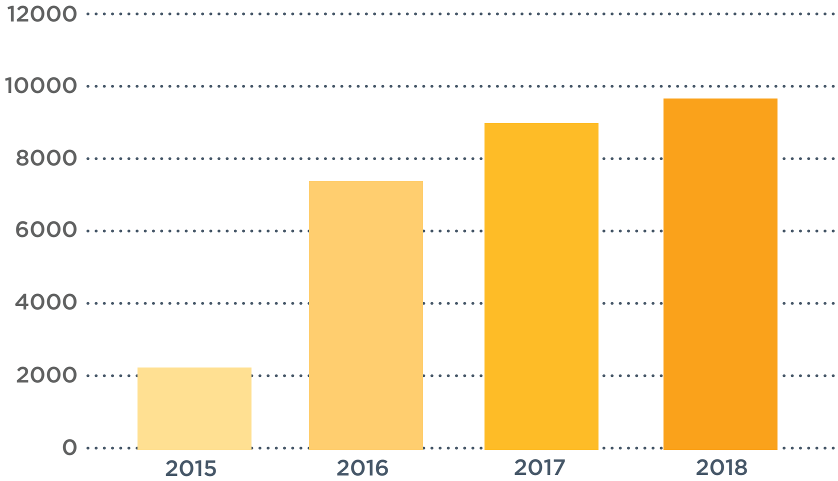
Given the large reserves at the mine, we have begun to examine the possibility of further expansion opportunities at the operation. Potentially a further 3.0Mtpa of ROM coal production could be achieved without adding to the current mining lease area. Further work will take place over the next 18 months to fully evaluate the opportunity.

Mining of the first coal below the Braymont seam occurred during the year as the open cut gradually deepened. Current analysis of the coal quality in several of the deeper seams indicates that the coking properties improve which should enhance the marketability of these coals.

Metallurgical coal production for the year was 2.6Mt, representing 26% of total saleable coal production for the year. Sales of the metallurgical coal was constrained by the strong pricing environment for the high-quality thermal coal produced at Maules Creek. The price premium achieved for the thermal coal averaged 9% over the globalCOAL Newc Index price for the year and led to increased sales of thermal coal versus metallurgical coal. It may take longer than the originally anticipated five years to move to a 50:50 metallurgical thermal product coal split if the current price differential between thermal and metallurgical coals endures.

Production guidance for FY2019 is in the range of 11.8Mt to 12.2Mt ROM coal. Actual production of 11.0Mt ROM coal in FY2018 exceeded the initial guidance provided last year.

MAULES CREEK SALEABLE COAL PRODUCTION ('000 T)



NARRABRI

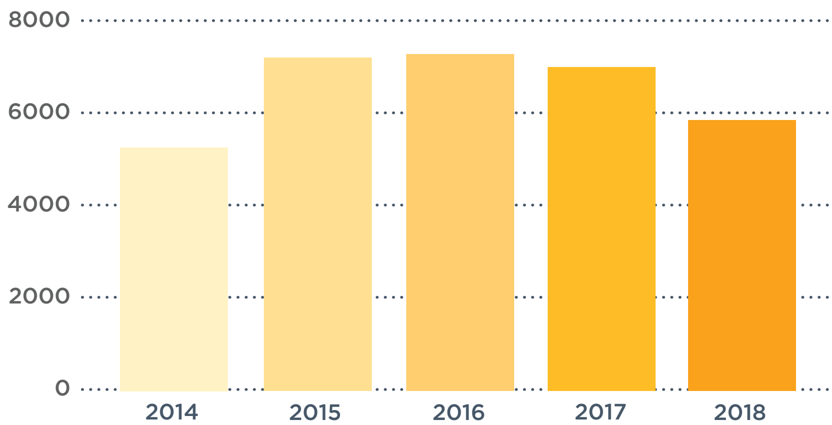
Narrabri is one of Australia's most productive underground coal mines. In FY2018 production was 6.3Mt ROM, lower than the previous year. Mining in LW107 panel, the first 400-metre wide panel at Narrabri began late in FY2017 and continued through FY2018. Mining was delayed by several mechanical problems, each of which have been rectified by the manufacturer over the course of the year. Production lost with these disruptions was not able to be recovered. A number of localised weighting events also slowed the retreat of the longwall and impacted production.

Pleasingly, the longwall successfully advanced through a large fault zone in the middle of the panel. The learnings from the success will be taken into the next two panels which are also impacted by the fault.

With the depth of cover increasing to more than 250 metres, ground conditions and ground support requirements changed, leading to the early introduction of a secondary support regime. Mine planning had anticipated this development which was expected to impact deeper panels later in the mine life. The early onset of the changed conditions resulted in a acceleration of additional support in roadways previously developed. Extra crews were engaged to install the additional support.

Production guidance for FY2019 is in the range of 6.5Mt to 6.8Mt ROM coal and incorporates a full longwall changeout during the first quarter of FY2019.

NARRABRI SALEABLE COAL PRODUCTION ('000 T)



THE EARLY ONSET OF THE CHANGED CONDITIONS RESULTED IN A ACCELERATION OF ADDITIONAL SUPPORT IN ROADWAYS PREVIOUSLY DEVELOPED.

GUNNEDAH OPEN CUTS

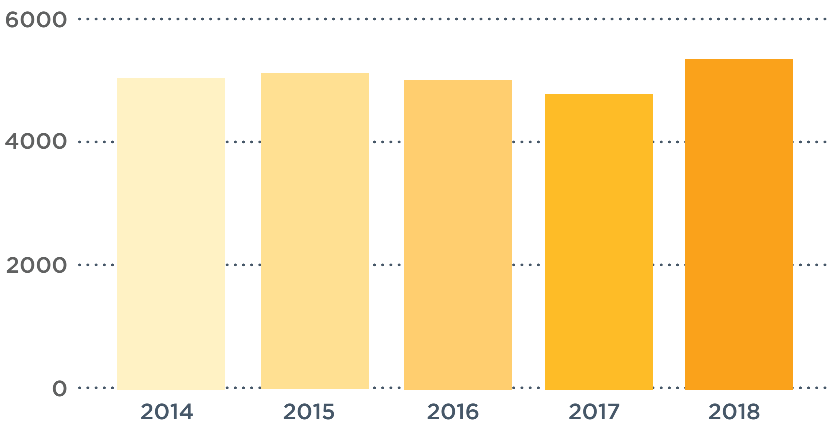
Our three foundation mines – Tarrawonga, Rocglen and Werris Creek – along with the Sunnyside rehabilitation project performed strongly and ahead of budget for the year. ROM coal production from all the mines was 5.7Mt, higher than guidance range of 5.0Mt to 5.4Mt ROM coal. Another important factor has been the cost reduction seen at the mines with all of them operating inside the first quartile of the cost curve.

We purchased Idemitsu's 30% joint venture interest in the Tarrawonga mine to move to 100% ownership during the year. The acquisition will add about 0.7Mt ROM coal to the company's equity share of production in the future. Regrettably, FY2019 will be the final year in the life of the Rocglen mine with reserves due to be exhausted by the end of the financial year.

The Sunnyside mine was taken out of care and maintenance during the year with the aim of mining the remaining 0.8Mt ROM coal. The coal sales from the mine will effectively fund the full and final rehabilitation of the mine site, providing a contemporary example of a rehabilitation programme to the local community. All of the remaining coal will be mined during FY2019.

Production guidance including Sunnyside is in the range of 4.6Mt to 5.0Mt ROM coal for FY2019.

GUNNEDAH OPEN CUTS SALEABLE COAL PRODUCTION ('000 T)



INFRASTRUCTURE AND LOGISTICS

RAIL TRACK

We contract rail capacity with the Australian Rail Track Corporation (ARTC). The capacity framework that governs this contract is into its second term. We continue to work with ARTC to expand effective capacity within the Gunnedah Basin without requiring additional rail infrastructure through improved operating efficiencies and investment in new information technology systems. The objective of this work is to improve supply chain productivity and increase train path availability.

RAIL HAULAGE

We have rail haulage contracts with each of the major rail haulage providers, Pacific National and Aurizon. These contracts have an expiry date in 2026. They provide for the haulage of all currently projected expansion tonnes before Vickery. We are 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 our managed production levels, whilst minimising fixed cost exposure.

PORT CAPACITY

We maintain contracts at the Port of Newcastle with both terminal operators, Newcastle Coal Infrastructure Group and Port Waratah Coal Services that support all planned shipments. To provide for the forecast production ramp up over the next five years we will secure surplus capacity available at the port. This is sufficient to allow for both short-term surge and long-term annual shipping requirements.

GROWTH: VICKERY

The Vickery Extension Project (Vickery) is the next major development planned for our portfolio of assets in the Gunnedah Coal Basin. The EIS for the project was submitted to government authorities in early August 2018.

There is already an existing approval covering the site for a 4.5Mtpa operation. Our new development application seeks to increase the size of the project to 10Mtpa over the 25-year mine life.

Subject to approval, the Vickery Extension Project (Vickery) will entail the construction of a new open cut mine and associated on-site infrastructure (new coal processing plant and rail spur) about 25 kilometres to the north of Gunnedah, directly between two of our existing mines at Tarrawonga and Rocglen.

Critically, even though the Vickery Extension Project footprint covers an area only slightly larger than the currently approved version, it offers significant additional economic and community benefits in terms of making Vickery, and our neighbouring operations, more efficient and more sustainable over the longer term, including the hundreds of jobs these operations support.

We estimate it will generate approximately 170 new jobs in locally based businesses that will provide contracting and mine-support services.

As with other Whitehaven projects, there will be substantial direct economic benefits locally, including $230 million in incremental disposable incomes that will help stimulate and support the local economy and businesses.

Over its 25-year life, Vickery will contribute more than $1 billion in royalties to the NSW Government – money that will help fund schools, hospitals, roads and other state government priorities.

The mine strikes the right balance between economic and environmental considerations and it is important to note that the vast majority of the project area has previously been extensively mined.

GROWTH: WINCHESTER SOUTH

The next development in our continuing growth and evolution is a move into Queensland and one of the world's premier coking coal basins through the acquisition of the Winchester South Project, a high-quality coking coal project approximately 30km south east of Moranbah.

Winchester South is well positioned from an infrastructure perspective, with one of the main rail lines in the Goonyella System transgressing the tenement and the Queensland electricity power grid nearby. Coal can be delivered by rail to either Dalrymple Bay, Gladstone or Abbot Point for export.

The development forms a key part of our longer term growth plan and complements the Vickery project in the Gunnedah Basin as another high-quality asset that will help us respond to the strong and growing demand for premium coking coal in Asian markets.

A project director has been appointed to lead the development with work to commence on the EIS and feasibility study in the next year. Production will start once all approvals have been granted.

THE DEVELOPMENT FORMS A KEY PART OF OUR LONGER TERM GROWTH PLAN AND COMPLEMENTS THE VICKERY PROJECT IN THE GUNNEDAH BASIN.

Section 5

SUSTAINABILITY

SUSTAINABILITY REVIEW

As an Australian miner with a local focus, we want our projects to be sustainable and for the local community to benefit from our presence over the long term. We have a proud history in the Gunnedah Basin where our mines, workforce and community contributions are centred.

We are committed to continuously improving our performance in health, safety, environmental stewardship and community engagement.

We recognise our mining operations have an impact on the environment and our neighbouring communities.

Our goal is to reduce our environmental footprint wherever possible, including through more efficient use of resources such as energy and water.

We aim to foster sustainable growth wherever we can, creating shared value for our business, local communities, government and other stakeholders.

Our resources are finite and we incorporate rehabilitation and mine closure into our life of mine plans. More information about our sustainability performance is in this report and at www.whitehavencoal.com.au.

AWARDS AND ACHIEVEMENTS

We strive for operational excellence. In recent years, we have won awards for operational excellence. The company has in recent years won awards for our operational performance, our Indigenous employment program, our apprenticeship program and for two previous editions of our Annual Report.

WE STRIVE FOR OPERATIONAL EXCELLENCE. IN RECENT YEARS, WE HAVE WON AWARDS FOR OPERATIONAL EXCELLENCE.

PERFORMANCE DATA

SAFETY AND PEOPLE

	Year to 30 June 2018	Year to 30 June 2017	Year to 30 June 2016
Number of employees	1,027	960	843
Female representation in company	10.3%	10.3%	11.0%
Percentage of workforce identifying as Aboriginal and/or Torres Strait Islander	11%	11%	11%
Fatalities	0	0	0
Total recordable injury frequency rate per million hours worked (TRIFR)	6.9	7.4	10.6
Lost time injury frequency rate per million hours worked (LTIFR)	2.5	2.2	2.8

ENVIRONMENT

	Year to 30 June 2018	Year to 30 June 2017	Year to 30 June 2016
Environmental Enforcement Action Frequency Rate (EEAFR)[1]	2.1	4.2	8.1
Land owned/leased (hectares)	69,840	68,314	65,487
Land disturbed (hectares)	3,168	2,942	2,672
Land rehabilitated (hectares)	751	668	653
Land leased for agriculture (hectares)	31,711	27,572	29,382
Land based biodiversity offset (hectares)	20,078	20,078	21,741

1 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/license condition, each breach is counted separately.

ENERGY

	Year to 30 June 2017*	Year to 30 June 2016	Year to 30 June 2015
Greenhouse gas emissions (kilotonnes CO2-e)	1,350	1,162	762
Intensity – greenhouse gas emissions (tonnes CO2-e per tonne ROM coal)	0.059	0.057	0.048
Total energy use (terajoules)	4,926	3,968	3,128
Intensity – total energy use (gigajoules per tonne ROM coal)	0.215	0.193	0.198

*Most recent reportable period.

WATER

	Year to 30 June 2018	Year to 30 June 2017	Year to 30 June 2016
Water license allocation (mL)	9,978	9,924	9,925
River/bore water extraction (mL)	3,034	1,456	1,580
Water used (mL)	5,316	3,649	3,964
Water recycled (mL)	3,591	2,826	1,985
Water exported for irrigation (mL)	42	–	–

COMMUNITY

	Year to 30 June 2018	Year to 30 June 2017	Year to 30 June 2016
Wages and salaries ($m)	$172.1	$159.4	$139.3
Taxes and royalties paid to governments ($m)	$283.9	$226.3	$166.0
Payments to businesses and suppliers in North West NSW ($m)	$293.2	$237.7	$203.0
Voluntary planning agreement expenditure ($m)	$1.9	$3.5	$6.4
Donations and sponsorships ($'000)	$445.3	$296.4	$217.3

SAFETY

Safe*haven*

Providing a safe working environment for our people and minimising the risks related to coal production are key targets.

As we continue to grow, we proactively review and improve our practices, responses and training procedures. We collaborate with internal and external specialists to educate, communicate and engage our expanding workforce.

Our goal is for zero workplace injuries or illness and for every person to go home safely and healthy after each work day.

We are continually scrutinising the safety aspects of how we work, and it is not only when things go wrong that we pay attention. We also examine just as closely every occasion when things have nearly gone wrong. In other words, we take every opportunity we can to learn and continuously improve our processes to safeguard our employees and the public.

PERFORMANCE

Everyone in the organisation is involved in our safety program called 'Safehaven' that we introduced in 2014. We know that no one behaves in a deliberately unsafe way, but it is human nature to lose concentration from time to time. What stops that leading to catastrophe is a combination of robust processes, good habits and a culture that allows anyone to bring a potential problem to the attention of others.

The Safehaven program incorporates a set of safety rules to follow on site and is supported by safety standards, pre-task planning, supervision training, along with signage, promotional material and an information video.

In FY2018 our TRIFR (Total Recordable Injury Frequency Rate per million hours worked) was 6.91. This compares with 7.42 in FY2017. Our overall TRIFR has more than halved since the Safehaven program began in 2014.

On an operation-by-operation basis, the Gunnedah CHPP achieved 2,000 Lost Time Injury Free days during the course of the year, illustrating the priority that safety has in the role of the organisation each day.

Over the year all high-risk incidents were investigated and necessary measures taken to prevent similar incidents reoccurring.

WE ARE CONTINUALLY SCRUTINISING THE SAFETY ASPECTS OF HOW WE WORK, AND IT IS NOT ONLY WHEN THINGS GO WRONG THAT WE PAY ATTENTION.

HEALTH

Healthhaven

Ensuring we maintain a fit and healthy work force is a priority.

We take care of workers by preventing and reducing exposure to noise, dust and vibration. We also place focus on fatigue management and use a range of methods to reduce harm.

Since 2016 all our sites have been smoke-free and wellness campaigns have taken place around obesity, mental health, stretching, hydration and skin cancer.

This year, we launched the Healthhaven program to better promote these programs and to align with our overall Safehaven program.

The focus of the Healthhaven program this year was on general fitness, well-being and promoting a healthy lifestyle. All employees were offered the opportunity to take part in a range of activities and challenges, with the support and advice of an occupational nurse. Some 300 employees took part in the challenge competing as individuals and against other Whitehaven sites.

CASE STUDY – MENTAL HEALTH

FORMER NRL star Dan Hunt visited the workforce for a session on mental health awareness.

The ex-St George Illawara Dragons prop, who is part of the Mental Health Movement organisation, delivered presentations to some of our team during a tour of the region.

Pictured is Dan with Whitehaven's Jessica Pereira, Group Superintendent – Health, who helped organise the sessions.

CASE STUDY – HEALTHHAVEN

As part of our annual Safehaven safety day, winners and high-achievers in this year's first Healthhaven challenges were recognised.

Some 300 employees took part in a general health improvement and physical activity challenge as part of a program focusing on general fitness, well-being and a general health lifestyle.

Pictured at the Safehaven Conference are some of the winners and participants in the challenges.

THIS YEAR, WE LAUNCHED THE HEALTHHAVEN PROGRAM TO BETTER PROMOTE A HEALTHY LIFESTYLE.

PEOPLE

We are increasing our focus on recruiting a new generation of young talent and are building the skills we need for our long-term future.

We invest in our people, developing their skills and leadership potential from the early stages of employment. We are working hard to ensure Whitehaven is a great place to work.

We are increasing our focus on recruiting a new generation of young talent and building the skills we need for our future by investing in on-the-job training and programmes that provide our employees with the right skills and knowledge.

LOCAL EMPLOYMENT FOCUS

As the single largest non-government sector employer in North West NSW, we are proud of our jobs record from Tamworth through to Werris Creek, Gunnedah, Boggabri and Narrabri.

Looking to the next decade as we grow, we are committed to doing more. This means adding to our existing local workforce, 75% of which already lives locally. It also means recruiting the skills for the future economy and an increasingly diverse workforce through our Aboriginal employment program along with striving for more gender balance.

We are providing development opportunities for our employees including our apprenticeship, cadet and graduate programs, and providing mentoring opportunities for women in the mining industry.

As at 30 June 2018, our overall workforce including contractors was nearly 1,600, of whom more than 1,000 are full-time equivalent employees.

GROWING OUR FUTURE TALENT

To ensure we develop talent for the long-term, this year we continued to increase our focus on recruiting and developing apprentices, cadets, vacation employment students and graduates across a wide array of disciplines.

We have expanded opportunities across all of these programs. The continuing success of our apprenticeship program currently sees 20 apprentices across all stages of their tenure developing their on-the-job skills and experience at Whitehaven.

We also offer opportunities via a Cadetship Program where up to four Year 12 students from the Narrabri/Gunnedah regional area are offered financial support and work experience throughout the duration of their university studies. We are pleased to have offered a number of cadets the opportunity to return to the local region in graduate positions.

The Vacation Employment Program provides opportunities for up to 15 university students to gain experience through paid employment for up to 12 weeks during their summer holidays. We encourage applications from students from all year levels, including post-graduates, in disciplines such as Mining Engineering, Mechanical Engineering, Electrical Engineering, Mechatronics, Geology, Environmental Science and Surveying.

Many of these Vacation Employment students are offered graduate positions upon completing their degree.

Our two-year graduate program provides exposure to and experience in underground and open cut mining. We have increased the number of graduate positions offered in the past three years.

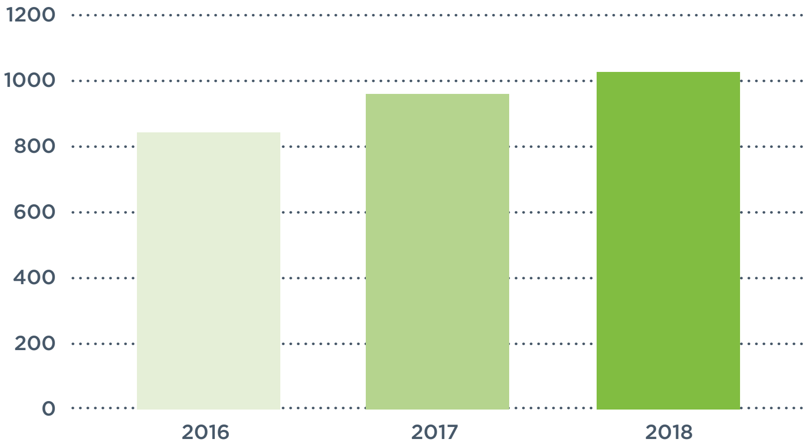
We are committed to the longevity of our employees' careers and upon successful completion of the two-year program we will transition our graduates into permanent employees where a position exists.

Gabrielle White, was a Whitehaven Cadet before being offered a Graduate Mechanical Engineering position at Narrabri, while Georgia Foley is an electrical apprentice with Whitehaven.

WHAT MATTERS TO OUR PEOPLE?

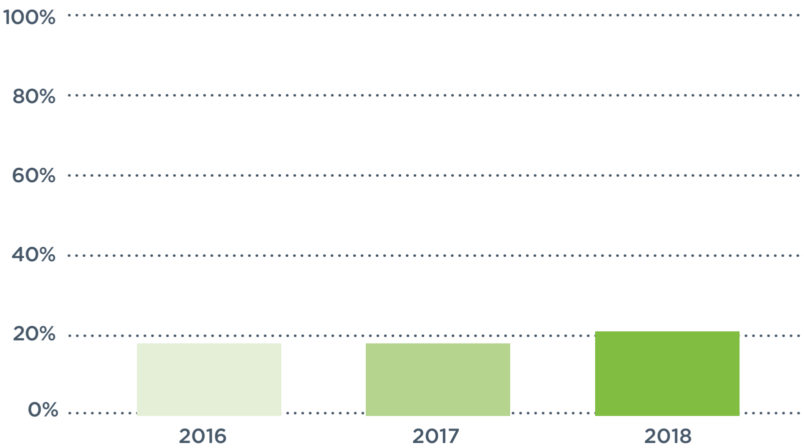
Our employees are looking for a fulfilling career at Whitehaven; one in which they can build their skills, be supported and be rewarded for their success. This year we held our latest Workforce Engagement Survey, our first since 2016. The survey received a 59% response rate. Our people told us they want good workplaces, at our sites and in our offices, and health and safety at work is very important. They also want development opportunities to be available and expect open and honest communication. This year we increased the number of staff newsletters and also launched a company App to distribute news and alerts to registered users. Managers at all levels are encouraged to communicate openly and directly with their people and we seek feedback on initiatives and systems, welcoming diverse opinions and innovative ideas.

TOTAL EMPLOYEES (FTES): 2016, 2017, 2018



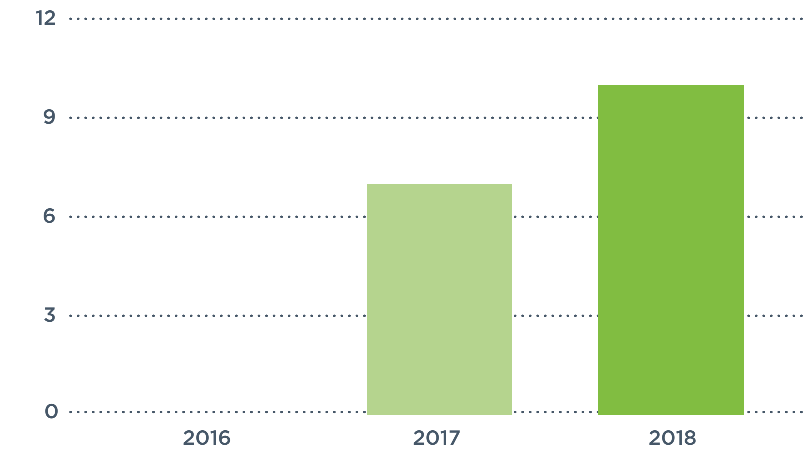
As a big part of the local community and the largest employer in the region, we are proud of its long-standing community links in North West NSW. About 75% of our people live locally.

STAFF TURNOVER: 2016, 2017, 2018



Our ambition is to have a more stable, experienced and engaged workforce.

GRADUATE POSITIONS OFFERED: 2016, 2017, 2018



We have increased the number of graduate positions across the business and are seeing an increasing number of Whitehaven Cadets being offered graduate positions.

DIVERSITY

Our ongoing focus is to ensure we build, support and benefit from a workforce that is reflective of the general population of the region in which we operate. To further attract, support and retain a diverse population of valued population, this year progress was made in a variety of areas.

Our diversity policy, which is reported in accordance with the requirements of the Workplace Gender Equality Act 2012 (Act), shows that we continue to make good progress on increasing female participation in our workforce.

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

GENDER EQUALITY

Females represent 10% of employees at Whitehaven.

Further progress toward gender equality was achieved over the last year including increasing the rate of female participation in the workforce, with a 5% increase in female operators. We continue to ensure the representation of women at the board level with two of our six non-executive directors being female.

We continued to improve pay equality between females and males across each area of the business, and will continue efforts in this area in years ahead. Our paid parental leave program, providing up to 18 weeks of paid parental leave for eligible employees, was expanded since being introduced last year. Among the recipients this year was our first male operator.

The leadership development program was expanded to invest in people managers across the business, and to provide coaching and support to women in senior roles.

We increased our support of women in the mining industry by continuing its sponsorship of the WIMnet NSW Mentoring Program.

We increased our support of women in the mining industry by continuing our sponsorship of the WIMnet NSW Mentoring Program, which provides women in the mining industry with mentors from whom they can learn and receive career guidance and development. We are pleased that four female Whitehaven employees have now had the opportunity to participate as mentees in the program.

We are a proud sponsor of the inaugural WIMnet Achieve and Inspire Conference designed to encourage and support men and women to build their careers in the mining industry.

GENDER DIVERSITY

As at 30 June 2018	Females	%	Males	%
Board	2	29%	5	71%
Senior management	3	9%	32	91%
Other employees	103	10%	889	90%
TOTAL	106	10%	921	90%

ABORIGINAL RELATIONS

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 $12m in annual salaries and wages flowing through our Indigenous workforce back into local communities
- 80 Indigenous people employed at our Maules Creek mine.
- Around 11% of employees self-identify as Aboriginal and/or Torres Strait Islander
- Spent $2m with Aboriginal businesses in 2017/18
- Donated $100k to local Aboriginal groups in FY2018
- 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 Minister's Closing the Gap report for 2017
- This year launched our second Reconciliation Action Plan endorsed at the Stretch level by Reconciliation Australia.

Our 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.

Pictured at the launch of the RAP (from left to right) are Bob Sutherland, Whitehaven's Aboriginal Community Relations Officer, Karen Mundine, CEO Reconciliation Australia, Steven Gal, Director, Regional Co-ordination, Aboriginal Affairs NSW, and Paul Flynn, Whitehaven Coal CEO and Managing Director.

OUR RELATIONSHIP WITH THE ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITIES IN OUR REGION HAS SIGNIFICANTLY STRENGTHENED OVER THE PAST THREE YEARS.

Whitehaven marked NAIDOC week across the company including with the unveiling of a commissioned artwork by artist Leah Brideson.

COMMUNITY

OVER THE PAST THREE YEARS WE HAVE CONTRIBUTED NEARLY $1M TO LOCAL GROUPS IN THE AREAS OF HEALTH, EDUCATION, WHOLE OF COMMUNITY BENEFIT AND REPRESENTATIVE LEVEL INDIGENOUS SPORT.

We pride ourself on our deep community links and long history in the north west NSW region.

We employ locals, support local businesses, use local suppliers and contribute to local causes and organisations. The Vickery Extension Project (see page 38) will allow us to be an even bigger contributor to the local economy and community over the long-term.

Since 2012 we have contributed more than $1.5bn to the local economy in North West NSW. This is made up of wages to employees, payments to councils, support for local businesses and suppliers, and donations to community groups and organisations.

Over the past three years, we have contributed nearly $1m to local groups in the areas of health, education, whole of community benefit and representative level indigenous sport.

In FY2018, we spent $293.2m in the Gunnedah, Narrabri, Tamworth and Liverpool Plains regions. We also committed $1.9m to local infrastructure and service upgrades, and made charitable grants, donations and sponsorships of $445k to community groups.

Each mine has a voluntary planning agreement with the relevant local council, which contributes funds to community infrastructure.

Other major activities we supported this year included the Narrabri Education Foundation, Boggabri Multi Purpose Centre, Westpac Rescue Helicopter, 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.

COMMUNITY SPIRIT

We opened the doors of a number of mines to the public for family and community open days. The events were an opportunity for locals to learn more about mining operations and the extent of our presence in North West NSW, including our growing local workforce and strong record of community contribution. More than 1,000 people attended the open days.

WHAT THE COMMUNITY TELLS US

Engagement with local communities happens in a variety of ways. We regularly report 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. We carry out formal consultations, an annual community survey and hold community days including this year hosting a family day at the Maules Creek, Tarrawonga and Werris Creek mines along with numerous site visits by community and local interest groups.

Independent research by Newgate Research tells us that in Gunnedah, two thirds of the community support mining, and 70% of the broader community agree that we have a positive effect on the local economy.

Community perceptions of Whitehaven continue to improve with almost half of people surveyed in our areas of operation saying they have a positive view or opinion of our company. People with a positive or neutral view of our company has also climbed 11% to 72% since 2015.

Listening to the community, this year we revised the Environmental Impact Statement for our Vickery Extension Project to remove a portion of land known as Blue Vale from the mine plan after concerns were raised about its proximity to the Namoi river which Whitehaven recognises is a valuable water resource and ecological feature of our community.

MINING JOBS BOOSTING REGIONAL ECONOMY

There are more coal mining jobs in the Gunnedah region than ever before. The most recent figures from Coal Services Pty Ltd show that at February 2018 there was a record number of 2,420 people working in the Gunnedah region's coal mines. The new figures show encouraging growth in the local mining industry with an additional 2,000 people employed in the mining industry since early 2000.

ENVIRONMENT

Envirohaven

We are committed to safe, responsible and sustainable environmental management across all aspects of our operations.

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 we have grown as a business, we have worked to ensure our 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 pasture, woodland forest for future use. Our website provides an extensive library of resources, including regulatory approvals, monitoring data, performance reviews and factsheets.

AGRICULTURE

We license our non-mining land to local farmers under agreements that include requirements to maintain and improve the integrity of agricultural land. One such arrangement is with Boggabri farmer Keith Blanch (pictured above, with Tim Muldoon, Group Manager Community Relations and Property).

About 2% of our land is involved in current mining activities or is being rehabilitated after mining. Where industry activity intersects with agriculture, we seek to put land to productive use. More than 30,000 hectares of land are being used for agricultural purposes. Maintaining the integrity of the farming asset is important to us. A strategy of combining properties to license out for longer periods has attracted good quality local farmers as Licensees.

We work proactively with a number of local farmers and landholders.

AIR QUALITY

Air emissions from our 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.

This year, two new air quality monitoring stations constructed in Gunnedah and Narrabri began publicly reporting real-time data on air quality for the region. Establishment of this monitoring network has been supported by the local mining industry as a way of providing scientific, timely information to the community about air quality in the region.

The data from the first months of monitoring showed air quality was good at the Narrabri and Gunnedah monitors, with average levels of daily particulate matter air quality standards much better than other monitoring locations throughout NSW.

NOISE MANAGEMENT

We operate 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. We also implement a range of other noise management measures such as sound attenuation on mining equipment.

WASTE AND RECYCLING

We generate various types of waste during exploration, construction, operation and closure activities across our 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 we segregate recyclable materials and engages specialist contractors for collection and reprocessing.

WATER MANAGEMENT

Each of our operations are guided by site-specific Water Management Plans. In FY2018, our total water allocation across all operations was 9,978 megalitres. The total amount used was 5,316 megalitres – around a half 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 specific rainfall events or under controlled release scenarios where the water quality complies with strict criteria.

BIODIVERSITY

We have more than 20,000 hectares of land being managed as biodiversity offset areas. These areas are established conservation areas to offset impacts that 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 year's significant offset-related work includes:

- 132,000 trees planted
- an additional 2,000 hectares of revegetation has been prepared
- 5 kilometres of new fencing installed
- 4.4 kilometres of old fencing removed
- 11,500 hectares sprayed for weed control.

PROGRESSIVE REHABILITATION

We apply 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

Rehabilitation plans and financial provisions to execute these plans are developed and maintained for all of our sites. Closure planning plays an important role in the planning and development of our projects and operations to ensure that the legacy impacts of our operations are minimised. A key component in the development and fulfilment of our 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. Our closure plans are subject to external review and approval.

FOR DETAIL RELATING TO CLIMATE CHANGE PLEASE SEE PAGES 29 TO 30.

Whitehaven staff monitor the progress of agricultural cropping from off-site irrigation near the Werris Creek mine.

Section 6

RESOURCES & RESERVES

COAL RESOURCES – AUGUST 2018

Tenement		Measured Resource (A)	Indicated Resource (B)	Measured + Indicated (A + B)	Inferred Resource (C)	Competent Person	Report Date
		Mt	Mt	Mt	Mt		
Maules Creek Open cut*	CL375 AUTH346 ML1701 ML1719	410	200	**610**	10	1	Mar-18
Narrabri North Underground**	ML1609	160	180	**340**	–	2	Mar-18
Narrabri South Underground**	EL6243	–	300	**300**	5	2	Mar-18
Tarrawonga Open cut	EL5967 ML1579 ML1685 ML1693	40	18	**58**	13	3	Mar-18
Tarrawonga Underground	EL5967 ML1579 ML1685 ML1693	10	15	**25**	14	3	Apr-14
Werris Creek Open cut	ML1563 ML1672	13	2	**15**	–	2	Mar-18
Rocglen Open cut	ML1620	4	4	**8**	–	3	Mar-18
Rocglen Underground	ML1620	–	3	**3**	1	3	Mar-15
Vickery Open cut	CL316 EL4699 EL5831 EL7407 EL8224 ML1464 ML1471 ML1718	230	165	**395**	110	3	Jul-15
Vickery Underground		–	95	**95**	135	3	Jul-15
Gunnedah Open cut	ML1624 EL5183 CCL701	7	47	**54**	89	3	Jun-14
Gunnedah Underground	ML1624 EL5183 CCL701	2	138	**140**	24	3	Jun-14
Bonshaw Open cut	EL6450 EL6587	–	4	**4**	7	3	Jun-14
Ferndale Open cut	EL7430	103	135	**238**	134	4	Jan-13
Ferndale Underground	EL7430	–	–	**–**	73	4	Jan-13
Oaklands North Open cut	EL6861	110	260	**370**	580	3	Jun-14
Pearl Creek Open cut***	EPC862	–	14	**14**	38	5	Nov-12
TOTAL COAL RESOURCES		**1089**	**1580**	**2669**	**1233**		

1. Shaun Tamplin, 2. Mark Benson, 3. Benjamin Thompson, 4. Greg Jones, 5. Phill Sides.

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

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

*** 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 2018

Tenement		Recoverable Reserves Proved Mt	Probable Mt	Total Mt	Marketablte Reserves Proved Mt	Probable Mt	Total Mt	Competent Person	Report Date
Maules Creek Open cut*	CL375 AUTH346	360	140	**500**	320	120	**440**	1	Mar-18
Narrabri North Underground**	ML1609	107	5	**112**	103	5	**108**	2	Mar-18
Narrabri South Underground**	EL6243	–	121	**121**	–	114	**114**	2	Mar-18
Tarrawonga Open cut	EL5967 ML1579 ML1685 ML1693	28	11	**39**	23	9	**32**	1	Mar-18
Werris Creek Open cut	ML1563 ML1672	11	1	**12**	11	1	**12**	1	Mar-18
Rocglen Open cut	ML1620	0.9	0.3	**1.2**	0.7	0.3	**1.0**	1	Mar-18
Vickery Open cut	CL316 EL4699 EL7407	–	200	**200**	–	178	**178**	1	Mar-15
TOTAL COAL RESERVES		**507**	**478**	**985**	**458**	**427**	**885**		

1. Doug Sillar, 2. Michael Barker.

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

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

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.

The Coal Resources and Reserves for active mining areas are as at the 31st of March 2018. Production for the quarter ended 30 June 2018 is detailed in the June 2018 Quarterly Report. Please see the Whitehaven Coal website (www.whitehavencoal.com.au) for the Coal Resource and Coal Reserve Table 1 details for all of Whitehaven's Coal Reserves.

Information in this report that relates to Coal Resources and Coal Reserves is based on and accurately reflects reports prepared by the Competent Person named beside the respective information. Greg Jones is a principal consultant with JB Mining Services. Phillip Sides is a senior consultant with JB Mining Services. Benjamin Thompson is a Geologist with Whitehaven Coal. Mark Benson is a Geologist with Whitehaven Coal. Doug Sillar is a full-time employee of RPM Advisory Services Pty Ltd. Shaun Tamplin is a full-time employee of Tamplin Resources Pty Ltd. Michael Barker is a full-time employee of Palaris Australia Pty Ltd.

Named Competent Persons consent to the inclusion of material in the form and context in which it appears. All Competent Persons named are Members of the Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and have the relevant experience in relation to the mineralisation being reported on by them to qualify as Competent Persons as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition).

Section 7

LEADERSHIP & MANAGEMENT

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 and Chairman of Palisade Regional Infrastructure Fund.

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 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 recently retired as Chairman of Bupa Australia and New Zealand. 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. Julie has previously held non-executive director positions on the Boards of Gloucester Coal Limited, OzMinerals Limited, Forge Group Limited, CRC Mining, Queensland Resources Council and Australian Coal Research.

BOARD OF DIRECTORS

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. Prior to joining the Tinkler Group, Paul was the Managing Partner of Ernst & Young's Sydney office and a member of its Oceania executive team.

As a partner for over eight years, 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.

FIONA ROBERTSON

MA (Oxon) geology, FAICD, MAusIMM

Non-executive Director

Appointed: 16 February 2018

Fiona has a corporate finance background, with more than 20 years' experience as CFO of ASX-listed emerging and mid-tier mining and oil & gas companies, preceded by 14 years with Chase Manhattan Bank in London, New York and Sydney, in corporate banking, credit management and mining finance roles.

Previous non-executive directorships include ASX-listed oil and gas producer, Drillsearch Energy where she chaired the Audit & Risk Committee. Through active involvement with the AusIMM's WIMnet, Fiona has sought to foster the attraction and retention of women in the resources industry and, in 2017 was named Gender Diversity Champion in Australian Resources by WIRNA and in NSW Mining in the NSW Minerals' Council's Women in Mining Awards.

Currently Fiona is non-executive director of ASX-listed Heron Resources which is developing the Woodlawn base metals mine in NSW.

RAYMOND ZAGE

BSc Finance

Non-executive Director

Appointed: 27 August 2013

Raymond is the founder and CEO of Tiga Investments Pte Ltd. He is also a senior advisor to 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 the Managing Director and CEO of Farallon Capital Asia, and prior to that worked in the investment banking division of Goldman, Sachs & Co. in Singapore, New York and Los Angeles.

Whitehaven's board of directors and senior management visited joint venture partners and customers in Japan in early 2018.

SENIOR EXECUTIVE TEAM

PAUL FLYNN

BComm, FCA

Managing Director and Chief Executive Officer

See biography on Board of Directors page on page 58.

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.

Kevin was the Commercial Manager at Springvale Coal for a number of years, CFO at the Milestone Group and CFO of Delhi Petroleum. Kevin later gained experience in listed companies in roles that combined finance and operational divisional leadership as the General Manager Finance at Chandler Macleod Group and, as the Group Financial Controller of Environmental Group.

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 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 of 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)

Chief Operating Officer

Jamie was appointed Executive General Manager – Operations in February 2013 and his title amended to Chief Operating Officer in June 2018. 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 of 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.

MICHAEL VAN MAANEN

BA (Hons)

Executive General Manager Corporate and External Affairs

Michael has nearly 20 years of experience working in corporate communications and public policy roles in both the government and private sectors. He was appointed Executive General Manager Corporate and External Affairs in May 2018. Prior to joining Whitehaven, Michael was a founding Partner of Newgate Communications, one of Australia's largest and most respected strategic communications agencies. At Newgate, Michael led the firm's mining and resources practice group and advised emerging and established companies – including Whitehaven Coal – on navigating complex public policy, regulatory and communications issues. Prior to consultancy Michael was a senior ministerial adviser in the Howard Government and worked in a range of national security policy roles for the Department of the Prime Minister and Cabinet, the Department of Foreign Affairs and Trade and the Department of Defence. Michael has a Bachelor of Arts with First Class Honours from the University of Western Australia.

Section 8

FINANCIAL REPORT

DIRECTORS' REPORT

For the year ended 30 June 2018

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 2018 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 57 to 59.

2B. SENIOR EXECUTIVES

See pages 60 to 61.

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	2,049,882
John Conde	888,620
Julie Beeby	55,000
Paul Flynn[1]	1,241,391
Tony Haggarty	1,000,000
Fiona Robertson	10,000
Raymond Zage	–

1 Mr Flynn held 2,608,430 options issued by the Company as at the date of this report.

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 & Nomination Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
Mark Vaile	15	15	6	6	3	3	1	1	2	2
John Conde	15	15	6	6	3	3	–	–	2	2
Julie Beeby	15	15	–	–	–	–	4	4	–	–
Paul Flynn	15	15	–	–	–	–	–	–	–	–
Tony Haggarty	15	14	6	5	–	–	4	4	–	–
Christine McLoughlin	8	8	–	–	2	2	3	2	2	2
Raymond Zage	15	15	–	–	–	–	–	–	–	–
Fiona Robertson	7	7	1	1	1	1	–	–	–	–

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

Dividends of $188,052,000 (2017: nil) and a capital return of $138,884,000 (2017: nil) were paid during the year ended 30 June 2018.

DECLARED AFTER END OF YEAR

On the 14 August 2018, the Directors declared an unfranked dividend of 27 cents per share totalling $268 million to be paid on 13 September 2018 and be comprised of a final dividend of 14 cents and a special dividend of 13 cents.

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 7,788,735 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 $525.6m
- Operating EBITDA before corporate development costs increased to $940.0m
- Cash generated from operations increased to $854.0m
- Net debt of $270.4m at 30 June 2018 and gearing reduced to 7%.

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	FY2018 $ MILLION	FY2017 $ MILLION
Revenue	2,257.4	1,773.2
Net profit before significant items	**525.6**	**367.2**
Significant items after tax (refer to note 2.2)	–	38.2
Net profit after tax	**525.6**	**405.4**
Underlying EBITDA before significant items	**940.0**	**714.2**
Significant items before tax and financing (refer to note 2.2)	–	(55.0)
Net interest expense (refer to note 5.2)	(21.7)	(42.0)
Other financial expenses	(7.2)	(7.9)
Depreciation and amortisation	(141.0)	(133.9)
Corporate development costs	(9.7)	–
Profit before tax	**760.4**	**475.4**

REVIEW OF FINANCIAL PERFORMANCE

FY2018 NPAT before significant items of $525.6m represents an increase of $158.4m compared to $367.2m in FY2017. The strong FY2018 NPAT result was underpinned by FY2018 underlying EBITDA of $940.0 million, an increase of $225.8 million compared to $714.2 million in FY2017.

The improvement in the underlying EBITDA result was driven by a significant increase in the EBITDA margin to $59/t in FY2018, up on the $46/t margin achieved in FY2017. This improvement was driven by a strong operating performance coupled with the continued strength of the coal price environment, particularly in respect of high-quality thermal coal.

The key factors that contributed to the FY2018 NPAT before significant items result for the year include:

- Strong safety performance.
- Gross revenue increased to $2,257.4m in FY2018 from $1,773.2m in FY2017. The increase was driven by the A$18/t increase in A$ realised prices to an average A$130/t in FY2018 from A$112/t in FY2017 and by an increase in sales of produced coal to 16.1Mt in FY2018 from 15.5Mt in FY2017.
- The key drivers of A$ realised prices during the period were:
  - The globalCOAL Newc Index price averaged US$100/t for high-quality thermal coal in FY2018, US$19/t above the average of US$81/t recorded in FY2017.
  - The Group realised an average price of US$119/t in FY2018 for its sales of metallurgical coal products. The realised price reflects a combination of quarterly benchmark linked and index-based contracts.
  - The high quality of thermal coal from the Maules Creek mine which typically achieved both quality and energy premiums relative to the globalCOAL Newc Index price during the period. Sales of Maules Creek coal achieved an average price of 9% higher than the globalCOAL Newc index price during the year. Thermal coal sales from Narrabri, Rocglen and Tarrawonga broadly received the Index price during the year.
  - A strengthened currency partially offset some of the benefits of improved prices – the A$ increased to average 0.78 in FY2018 from an average of 0.75 in FY2017.
  - The increase in prices for thermal coal in particular during FY2018 was underpinned by the return of the market to supply/demand balance in FY2017 following production cuts in a number of key coal producing countries namely China, Indonesia, the USA and Australia. Global demand for thermal coal continued to grow in FY2018 due to an increasing appetite for high-quality thermal coal in the Asian region. In particular, the growth in thermal coal demand was supported by year-on-year growth in Chinese power demand of 8.5% in the first five months of the 2018 calendar year. Domestic production and infrastructure constraints in China have resulted in an increased draw on the seaborne coal market.

4. OPERATING AND FINANCIAL REVIEW *(CONT.)*

- Metallurgical coal sales mix reduced from 21% in FY2017 to 17% in FY2018. This reflects the narrowing spread between the globalCOAL Newc Index thermal coal price and the Platts Index semi-soft coking coal price which, combined with the quality premiums that Maules Creek thermal coal is achieving in the market, has resulted in Maules Creek's production being marketed as thermal coal during much of FY2018.
- FOB costs per tonne of A$62/t in FY2018 remain in the best cost quartile. The increase in FOB costs per tonne compared to the A$58/t result in FY2017 was a result of a range of factors including increasing input prices (i.e. diesel) in line with the broader strengthening of demand in the sector, longer and steeper hauls at Maules Creek (temporary) as the working pit expands and an increase in costs at Narrabri due to increasing depth of cover. The increased depth of cover at Narrabri has resulted in an increase in secondary support costs while production rates have been impacted by localised weighting events and some longwall face mechanical issues.
- Increased production from Maules Creek continues to increase the resilience of Whitehaven's portfolio both from a volume and quality perspective. This has helped to reduce the impact of below expectation production rates at Narrabri during FY2018 as well as ensuring consistent coal availability during Narrabri longwall changeouts.
- 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 ensured that the Group continues to be well positioned to capitalise on a robust coal price environment. Maules Creek delivered production in the second half of FY2018 at an annualised rate of 11.7Mt with competitve costs and a high-quality product that attracted significant premiums to the prevailing thermal prices. This is reflected in the significant contribution that Maules Creek has made to Whitehaven's FY2018 underlying EBITDA result. Whitehaven's portfolio is expected to strengthen further in the coming years with greenfield opportunities at Vickery and at the Winchester South project in Queensland.

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 & CAPITAL MANAGEMENT

	FY2018	FY2017
CASH FLOW SUMMARY	$ MILLION	$ MILLION
Operating cash flows	831.5	607.6
Investing cash flows	(449.8)	(93.7)
Net free cash flow	**381.7**	**513.9**
Financing cash flows	(357.0)	(528.3)
Cash at the beginning of the period	**87.1**	**101.5**
Cash at the end of the period	**111.8**	**87.1**

	30 June 2018	30 June 2017
CAPITAL MANAGEMENT	$ MILLION	$ MILLION
Net debt	270.4	311.1
Undrawn syndicated facility	725.0	775.0
Gearing ratio[1] (%)	7%	9%
Leverage[2] (times)	0.3	0.4

1 Net Debt / (Net Debt plus Equity).

2 Net Debt / EBITDA before significant items and corporate development costs.

CASH FLOW AND CAPITAL MANAGEMENT COMMENTARY

Operating cash flows of $831.5m in FY2018 increased by 37% compared to FY2017. The increase in operating cash flows has been underpinned by the growth in underlying EBITDA to $940.0 million in FY2018 and reflects the resilience and strength of the coal price recovery and strong operational performance. FOB costs per tonne for FY2018 remain within the best cost quartile of the industry cost curve.

The strength of the operating cash flow performance also reflects increased volumes which have been supported by the increasing scale that Maules Creek brings to the Whitehaven portfolio.

Interest payments were lower as drawn debt was reduced to $382.2m at 30 June 2018 from $398.3m at 30 June 2017. There was a minor investment of working capital in FY2018.

Investing cash outflows of $449.8m in the year ended 30 June 2018 were significantly higher than the $93.7 million outflow in FY2017. Growth capital has been allocated toward the acquisition of the Winchester South Project in Queensland, the acquisition of Idemitsu's 30% interest in Tarrawonga 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 during FY2018. There was $111.8m in cash and $725.0m in undrawn facilities available at 30 June 2018. Net debt of $270.4m at 30 June 2018 was a reduction of $40.7m from 30 June 2017. Whitehaven remains within its target range on all its key capital management metrics.

The increased strength and resilience of Whitehaven's cash flow generation has driven strong returns to shareholders in FY2018. A distribution of 20 cents per share was paid in respect of FY2017. This comprised a 14 cents per share capital return and a 6 cent per share unfranked dividend and resulted in a total cash distribution to shareholders of $198.4 million in November 2017. An interim dividend in respect of FY2018 of 13 cents per share, $128.9m in total, was paid in March 2018.

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 and to take advantage of external growth opportunities that may arise.

CONSOLIDATED EQUITY PRODUCTION, SALES AND COAL STOCKS

WHITEHAVEN TOTAL ('000 T)	FY2018	FY2017	Movement
ROM Coal Production	**17,727**	17,718	0%
Saleable Coal Production	**16,160**	15,769	2%
Sales of Produced Coal	**16,109**[1]	15,487	4%
Sales of Purchased Coal	**1,256**	328	283%
Total Coal Sales	**17,365**	15,815	10%
Coal Stocks at Year End	**2,621**	2,371	11%

1 Includes Sunnyside sales of produced coal of 100 kt.

Significant highlights for FY2018 include:

- ROM and saleable coal production for the year were similar to the previous year
- Coal sales of 17.4Mt were 10% higher due to increased sales of produced coal and increased sales of purchased coal
- Coal production at Maules Creek continues to ramp up with the mine operating at 11.0Mtpa for the year and 11.7Mtpa annualised rate in the second half of the year
- Production from the smaller open cuts exceeded expectations with costs moving into the best quartile
- Production at Narrabri was impacted by localised weighting events associated with increased depth and some mechanical issues with the longwall however costs remained in the best quartile.

The Group's total workforce including contractors was approximately 1,600 people at the end of June 2018, 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.

4. OPERATING AND FINANCIAL REVIEW *(CONT.)*

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.

2018 PERFORMANCE

Safety performance continued to improve during the year. Whitehaven's Total Recordable Injury Frequency Rate (TRIFR) of 6.9 recordable injuries per million hours at the end of June fell from 7.4 at June 2017.

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

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% ('000 T)	FY2018	FY2017	Movement
ROM Coal Production	10,953	9,729	13%
Saleable Coal Production	9,664	8,986	8%
Sales of Produced Coal	9,641	8,879	9%
Coal Stocks at Year End	646	636	2%

Maules Creek performed strongly during FY2018 producing 11.0Mt ROM coal. In the second half of the year the mine operated at an annualised rate of 11.7Mt ROM coal. Additional mining equipment was added to the existing fleet in the second half of 2018, enabling the mine to operate at its approved rate of 13.0Mt ROM. ROM coal production is scheduled to reach its approved limit of 13Mt per annum in FY2020, five years after the commencement of commercial production.

Mining of the first coal below the Braymont seam occurred during the year. Analysis of the coal quality in several of the deeper seams indicates that the coking properties improve with depth enhancing the marketability of these coals.

Metallurgical coal production for the year was 2.6Mt, representing 26% of total saleable coal production for the year. Metallurgical coal production was recalibrated during FY2018 to align with the strong thermal pricing and narrow pricing spreads between high-quality thermal coal and semi-soft coking coal prices. The price premium achieved for Maules Creek thermal coal averaged 9% over the globalCOAL Newc Index price for the year leading to a focus on sales of thermal coal.

Production guidance for FY2019 is in the range of 11.8Mt to 12.2Mt 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% ('000 T)	FY2018	FY2017	Movement
ROM Coal Production	6,289	7,267	(13%)
Saleable Coal Production	5,840	6,987	(16%)
Sales of Produced Coal	5,760	6,823	(16%)
Coal Stocks at Year End	639	318	101%

Narrabri is one of Australia's most productive underground coal mines. In FY2018 production at Narrabri was 6.3Mt ROM coal compared to 7.3Mt ROM coal the previous year. Mining in panel 107, the first 400-metre wide panel at Narrabri, began late in FY2017 and continued throughout FY2018. Mining was impacted by difficult roof conditions associated with the increasing depth of the mine and some mechanical issues with the longwall that have since been resolved. These issues slowed production rates at times during FY2018.

The longwall successfully advanced through a large fault zone in panel 107. The learnings from this success will underpin the approach to mining the next two panels which are also impacted by the fault.

With the depth of cover increasing to over 250 metres, ground conditions and ground support requirements changed, leading to the early introduction of a secondary support regime. Extra crews were engaged to install the additional support, with the work currently being ahead of schedule.

Production guidance for FY2019 is in the range of 6.5Mt to 6.8Mt ROM coal and incorporates a full longwall changeout during the first quarter of FY2019.

OPEN CUT MINES (EXCLUDING THE MAULES CREEK MINE)

Ownership: Werris Creek Whitehaven 100%; Rocglen Whitehaven 100%; Tarrawonga Whitehaven 100%; Sunnyside Whitehaven 100%

OPEN CUTS 100% ('000 T)	FY2018	FY2017	Movement
ROM Coal Production	5,682	6,142	(7%)
Saleable Coal Production	5,377	4,811	12%
Sales of Produced Coal	5,321	4,616	15%
Coal Stocks at Year End	1,690	1,886	(10%)

Whitehaven's three foundation mines – Tarrawonga, Rocglen and Werris Creek – along with the Sunnyside rehabilitation project performed strongly and ahead of budget for the year. ROM coal production for these mines totalled 5.7Mt, higher than guidance range of 5.0Mt to 5.4Mt ROM coal.

On 30 April 2018, Whitehaven acquired Idemitsu's 30% joint venture interest in the Tarrawonga mine to move to 100% ownership. The acquisition will add about 0.7Mt ROM coal to the company's equity share of production in the future.

FY2019 will be the final year of production at the Rocglen mine with Reserves due to be exhausted by the end of the financial year.

The Sunnyside mine was taken out of care and maintenance during the year with the aim of mining the remaining 0.8Mt ROM coal. The coal sales from the mine will effectively fund the full and final rehabilitation of the mine site, providing a contemporary example of a rehabilitation programme to the local community.

Production guidance is in the range of 4.6Mt to 5.0Mt ROM coal for FY2019.

DEVELOPMENT PROJECTS

VICKERY

Ownership: Whitehaven 100%

A significant milestone was achieved during the year when the rail corridor access agreements were concluded with the relevant parties in support of the development of the high-quality Vickery project. The various impact assessments required by regulators and associated peer reviews are also complete. Work concluded on the final components of the Environmental Impact Statement (EIS) in July and the EIS has been lodged with the Department of Planning and Environment.

Timing for start-up of the Vickery project remains market dependent but, given recent conditions, is likely to occur rapidly after all approvals are received. Discussions with numerous parties that have expressed interest in joint venture partner opportunities in Vickery will commence following EIS lodgement.

WINCHESTER SOUTH

Ownership: Whitehaven 100%

Whitehaven completed the acquisition of the Winchester South project during the year. This project provides another growth option for the company in addition to the Vickery project and will expand the company's metallurgical coal offering to the market with the inclusion of hard-coking coal. Whitehaven acquired the Winchester South metallurgical coal project in 2018 at a total cost of US$262.5 million, paying US$212.5 million and having a further US$50 million to pay in June 2019.

The Winchester South project is located near infrastructure in the Bowen Basin of central Queensland. Annual production of coal is likely to be in the range of 3.8Mt to 7.5Mt from a large open cut mine. Whitehaven has commenced integrating the Winchester South project into its Technical Services and Long Term Mine Planning Team and will move the project through the approval and study process as quickly as possible.

EXPLORATION PROJECTS

Whitehaven maintains several exploration and potential development projects in Queensland and New South Wales. These are early stage projects with spending limited to keeping the tenements in good standing.

4. OPERATING AND FINANCIAL REVIEW *(CONT.)*

INFRASTRUCTURE

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 five-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 five years. There is currently surplus port capacity available at the port for both short-term surge and long-term annual requirements.

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 Directors have proposed a 27 cent per share unfranked dividend to be paid on 13 September 2018 and be comprised of a final dividend of 14 cents and a special dividend of 13 cents.

OUTLOOK AND LIKELY DEVELOPMENTS

OPERATIONS

Managed saleable coal production guidance for FY2019 is forecast to be in the range of 22Mt to 23Mt. Narrabri production should increase and Maules Creek will continue its ramp up towards its fully approved rate of 13Mtpa ROM coal. Production from the smaller open cuts is expected to be lower than in FY2018.

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

Global coal demand increased by 2% in 2017.

Demand for thermal coal in the seaborne market is being driven by the strong economic growth in Asia and the ongoing deployment of coal fired power stations in the Asian region. In China power generation increased by 6.2% year on year in 2017 and was up by another 8.6% year on year to May 2018. This has increased China's draw on the seaborne market as domestic coal production has been constrained by infrastructure bottlenecks and ongoing safety and environmental inspections at many mines. Several other countries in the region, including Malaysia, Vietnam and Philippines, have increased coal imports as domestic gas production runs down. In addition, Pakistan and Bangladesh are deploying new ultra supercritical units and will look to the seaborne market for fuel in the near future.

Thermal coal supply is being constrained in a number of exporting countries. For example, Eskom in South Africa is purchasing export coal for its domestic generators and Australian production has failed to respond to higher prices. Only the United States and Indonesia have been able to respond to the higher prices and increase exports. With investment in new mines constrained and the lead times for new projects lengthening, no major new mines are likely to begin production before 2022. Combining these factors leads to a market for high quality thermal coal which is likely to be undersupplied and tight.

Metallurgical coal has also been in strong demand as steel makers increase production in an effort to capture the high margins on offer. Under this scenario the demand for higher quality coking coals has been strong as steelmakers require higher quality coke to make their steel products. The demand for lower quality coking coals, such as semi-soft coking coal, will be reduced under this scenario.

PRICING

Thermal coal prices have traded well above consensus forecasts for the past year and have reached six year highs in recent weeks.

Recent analysis by the respected industry consultant CRU, is expecting globalCOAL Newc Index prices to remain over US$90/t for the next five years, an increase of about US$10/t over the consultant's forecasts made earlier this year.

Metallurgical coal prices have also remained high for the year with hard-coking coal trading above US$200/t for most of the period. Strong demand from steelmakers and recent railing issues in Queensland have seen prices trade well above market expectations for the year. With the rail issues unresolved in Queensland and the dispute between Aurizon and the regulator ongoing, prices of the higher quality metallurgical coals are likely to remain well supported.

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:

VOLATILITY IN COAL PRICES

The Company's future financial performance will be impacted by future coal prices. Factors which affect coal prices include the outcome of future sales contract negotiations, general economic activity, industrial production levels, changes in foreign exchange rates, changes in coal demand, changes in the supply of seaborne coal, changes in international freight rates and the cost of substitutes for coal. The Company does not currently hedge against coal price volatility.

FOREIGN CURRENCY RISK

As the Company's sales are predominately denominated in US dollars, adverse fluctuations in the US$/A$ exchange rate may negatively impact the Group's financial position.

The Company uses forward exchange contracts to hedge some of this currency risk in accordance with a hedging policy approved by the Board of Directors.

OPERATING RISKS

The Company's coal mining operations are subject to operating risks that could 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 weather and natural disasters, unexpected maintenance or technical problems, failure of key equipment, higher than expected rehabilitation costs, industrial action and higher than expected labour costs.

Geological uncertainty is also an inherent operational risk which could result in pit wall failures or rock falls, mine collapse, cave-ins or other failures to mine infrastructure.

The Company has in place a framework for the management of operational risks and a comprehensive group insurance program which provides insurance coverage for a number of these operating risks.

INFRASTRUCTURE RISKS

Coal produced from Whitehaven's mining operations is transported to customers by a combination rail and ship. A number of factors could disrupt these transport services, including a failure of infrastructure providers to increase capacity in order to meet future export requirements.

Rail and port capacity is obtained predominantly through long-term contract arrangements which include take-or-pay provisions which require payments to be made irrespective of whether the service is used. In the event utilised capacity is below contracted capacity, there is a risk Whitehaven will be required to pay take-or-pay charges for capacity which is not used. Whitehaven seeks to align these take-or-pay infrastructure obligations with the Company's forecasted future production.

GEOLOGY RISKS

There are inherent risks associated with estimating coal Resources and Reserves, including subjective judgements and determinations as to coal quality, geological conditions, tonnage and strip ratio. The Company's Resource and Reserve estimates are determined by suitably qualified competent persons in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

4. OPERATING AND FINANCIAL REVIEW *(CONT.)*

ENVIRONMENT AND SAFETY RISKS AND LICENCE TO OPERATE

A range of health, safety and environmental risks exist with coal mining activities. Accidents, environmental incidents and real or perceived threats to the environment or the amenity of local communities could result in a loss of the Company's social licence to operate leading to delays, disruption or the shut-down of operations. Potential environment and safety risks include equipment failure, human errors in underground operations, vehicle and mining equipment interactions in open cut operations, roof fall hazards in underground operations and spontaneous combustion risks.

The Company engages with a number of different stakeholders in the communities within which it operates. Stakeholder related risks include:

- the requirement to comply with the Native Title Act 1993 (Cth) which can delay the grant of mining tenements and impact the timing of exploration, development and production operations
- the ability to reach agreement with local landholders in relation to acquisition and/or access terms which may delay the timing of project development, and
- notwithstanding the contributions made to the communities within which the Company operates, local communities may become dissatisfied with the impact of operations or oppose new development projects. There is also the possibility of anti-coal activism targeted towards the Company's projects.

Whitehaven has a comprehensive environmental, health and safety management system to mitigate the risk of incidents and to ensure compliance with environmental and safety laws. The Company also has a dedicated community relations team that engage with local communities to ensure that community issues are understood and addressed appropriately.

Details of how the Company engages effectively with the communities in which we operate and steps which the Company takes to maintain its social licence to operate are set out in the Sustainability Report contained in the Company's Annual Report.

ENVIRONMENTAL REGULATION

The coal sector is subject to a broad range of environmental laws, regulations and standards including in relation to greenhouse gas emissions. Evolving regulation and standards could result in increased costs, regulatory action, litigation or, in extreme cases, threaten the viability of an operation.

Whitehaven actively monitors legislative and regulatory developments and engages appropriately with legislative and regulatory bodies to manage this risk.

ACQUISITIONS AND COMMERCIAL TRANSACTIONS

Acquisitions and commercial transactions undertaken with the objective of growing the Company's portfolio of assets are subject to a number of risks which may impact the ability to deliver anticipated value. Risks associated with acquisitions include:

- operational performance of acquired assets not meeting expectations
- anticipated synergies or cost savings being delayed or not being achieved
- adverse market reaction to proposed transactions, and
- the imposition of unfavourable or unforeseen conditions, obligations or liabilities.

Whitehaven's commercial processes are designed to reduce the likelihood of these risks materialising as a result of a commercial transaction.

COUNTERPARTY RISK

The Company deals with a number of counterparties, including joint venture partners, suppliers and customers. Counterparty risks include:

- non-supply or changes to the quality of key inputs which may impact costs and production at operations
- failure to reach agreement with joint venture partners which could impact the Company's ability to optimise value from its projects, and
- failure of customers to perform against long-term take-or-pay agreements.

Counterparty risk is assessed prior to entry into any new arrangements and, if necessary, appropriate risk control mechanisms are put in place. Whitehaven proactively engages with its counterparties to manage instances of non-supply and quality control and to ensure alignment of expectations.

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 2018. It is set out on page 99.

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

	Consolidated 2018	Consolidated 2017
	$	$
Non-audit services		
Ernst & Young		
Taxation services	63,978	20,000
Due diligence services	836,881	–
Other non-audit services	71,226	66,100
	972,085	**86,100**

REMUNERATION REPORT

(Audited)

SUMMARY

We present the Remuneration Report for the financial year ended 30 June 2018 **(FY2018)** for which we seek your support at our Annual General Meeting (AGM) in October.

Our objective is to provide a Remuneration Report containing the key elements that are important to our shareholders and to present that information in a way that is clear and readily understood, including detail on realised remuneration outcomes for our Key Management Personnel **(KMP)** and on performance against the Short Term Incentive **(STI)** Key Performance Indicators **(KPIs)** and Long Term Incentive **(LTI)** performance conditions.

We believe we have a fair and responsible executive remuneration framework which is aligned with shareholder interests and which operates effectively to incentivise and reward senior executives appropriately to execute our strategy to build a portfolio of assets that is cost competitive and to develop and operate that portfolio of assets in a safe and sustainable manner. The Board believes that the current framework is effective.

At the 2017 AGM, shareholders voted 99.76% in favour of the resolution to approve the Remuneration Report.

WHITEHAVEN COAL'S PERFORMANCE IN FY2018

FY2018 has been another year of strong performance which has translated into tangible benefits for our shareholders. In FY2018 the Company delivered a total shareholder return of 118% and ranked 4th in the ASX 200 for the year. The Company also returned to dividend-paying status and returned $327m to shareholders. The Company's balance sheet strength underpins the decision by the Board to pay a further $268m in dividends (27 cents per share) to shareholders from the FY2018 results.

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, with its asset development pipeline and strength of existing operations, to continue to improve Company performance and to deliver continuing value for shareholders. Whitehaven's costs of production in the past four financial years have been very competitive, and when combined with the recent recovery in coal prices has assisted in the achievement of this year's record operating profit and to support the capital management decisions taken by the Board.

REMUNERATION OUTCOMES FOR FY2018

Aligning Executive KMP remuneration with shareholder interests and experience is a critical component of our remuneration framework. This framework is built around key business performance drivers and equity components in both the LTI and the deferred component of the STI.

LTI and deferred STI equity remuneration outcomes for the Executive KMP in FY2018 reflected the strong performance of the Company over the past three financial years.

STI awards to Executive KMP for their performance during the year were assessed at 75% of the possible award. 50% of each Executive KMP's FY2018 STI award will be deferred into two equity tranches that vest following the completion of service conditions in FY2019 and FY2020.

Four awards of the LTI were eligible to vest during FY2018. Details are set out in this report. Following sustained, successful efforts in executing the Company's strategy, the hurdles that were tested during FY2018 have been satisfied and the respective LTIs have vested.

NO CHANGES TO REMUNERATION FRAMEWORK FOR FY2018

There were no changes to Executive KMP remuneration for FY2018. The Board continues to consider Executive KMP remuneration in the context of our strategy, relevant benchmarks and retaining and appropriately rewarding our leadership team.

At the 2017 AGM shareholders voted 99.41% in favour of the CEO's LTI grant. Details of the upcoming LTI grant and hurdles for FY2019 for the CEO will be included in the Notice for our upcoming AGM (at which shareholders will be asked to approve the grant).

Some changes have been made to Executive KMP remuneration effective from 1 July 2018. Having considered external advice about the structure and quantum of our remuneration rewards, we have made some increases to fixed remuneration (base pay) and we have increased some of the long-term at-risk elements for our most senior executives. These changes are aligned with shareholder interests and market benchmarks to drive strong performance and have been approved by the Board. Details of the changes are set out in sections 2.3 and 4 of this report.

NON-EXECUTIVE DIRECTORS' FEES

As foreshadowed in our FY2017 Remuneration Report, Non-executive Directors' fees were reviewed for FY2018. The Company had not increased Directors' fees since the 2012 merger. While the maximum aggregate Directors' fee pool was not changed, the Board Chairman's fee was increased by $25,000, and the Remuneration Committee and Health, Safety, Environment & Community Committee fees have been aligned with Audit & Risk Management Committee fees to reflect the workload of all committees.

We thank our Executive KMP and their teams for their continued commitment and contribution to Whitehaven.

REMUNERATION REPORT

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 FY2018 of the Key Management Personnel **(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 FY2018

This report details the remuneration during FY2018 of:

Name	Role held during FY2018	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 Member of Health, Safety, Environment & Community Committee (effective 16 February 2018)
John Conde AO	Deputy Chairman and Non-executive Director	Chairman of Remuneration Committee (effective 16 February 2018) Member of Audit & Risk Management Committee Member of Governance & Nomination Committee
Dr Julie Beeby	Non-executive Director	Chairman of Health, Safety, Environment & Community Committee (effective 16 February 2018) Member of Governance & Nomination Committee (effective 16 February 2018)
Tony Haggarty	Non-executive Director	Chairman of Audit & Risk Management Committee (effective 16 February 2018) Member of Health, Safety, Environment & Community Committee
Christine McLoughlin (resigned 16 February 2018)	Non-executive Director	Chairman of Remuneration Committee Member of Governance & Nomination Committee Member of Health, Safety, Environment & Community Committee
Fiona Robertson (commenced 16 February 2018)	Non-executive Director	Member of Remuneration Committee Member of Audit & Risk Management Committee
Raymond Zage	Non-executive Director	

Executive KMP	Role held during FY2018
Paul Flynn	Managing Director and Chief Executive Officer (CEO)
Kevin Ball	Chief Financial Officer and Executive General Manager – Human Resources (CFO)
Timothy Burt	General Counsel and Company Secretary
Brian Cole	Executive General Manager (EGM) – Project Delivery
Jamie Frankcombe	Chief Operating Officer (COO)
Scott Knights	Executive General Manager (EGM) – Marketing and Logistics
Michael van Maanen	Executive General Manager (EGM) – Corporate and External Affairs (Commenced 28 May 2018)

1. INTRODUCTION *(CONT.)*

1.2 SUMMARY OF COMPANY PERFORMANCE

FY18 AT A GLANCE

HOW DID WE PERFORM IN FY18?

TOTAL SHAREHOLDER RETURN (TSR) ONE YEAR

118%

TWO YEAR TSR: 483%

THREE YEAR TSR: 377%

OPERATING EBITDA BEFORE SIGNIFICANT ITEMS

$930.3M

FY17: $714.2M

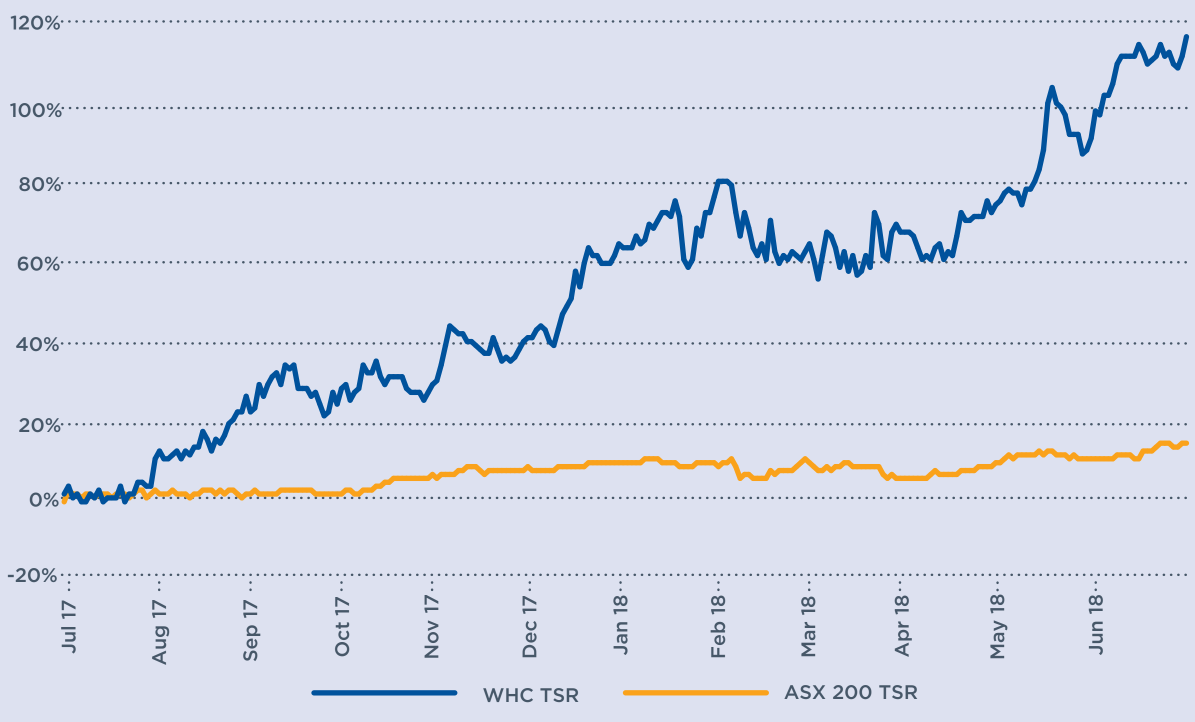
SHAREHOLDER DISTRIBUTIONS*

40c/SHARE

FY17: 20c/SHARE

* Distributions represent: Capital return/ dividend of 20c, Interim dividend of 13c, Final dividend of 27c.

WHC TOTAL SHAREHOLDER RETURN SINCE 1 JULY 2017



The Remuneration Committee believes that the Executive KMP have continued to execute our strategy successfully and that remuneration outcomes for FY2018 are aligned to company performance. In FY2018 the Executive KMP have focused on key projects and initiatives including:

- improving safety, environmental and community engagement outcomes
- delivering almost 23Mt ROM production and 22Mt of coal sales
- continuing to deliver industry-leading cost performance
- acquiring the Winchester South metallurgical coal development project, and
- completing the Company's submission in support of a 10Mtpa operation at Vickery.

The Gunnedah open cut operations have delivered a best quartile cost performance while Maules Creek has increased ROM coal production, saleable coal production and coal sales. These positive performances have largely offset the below expectations production performance of Narrabri underground, allowing Whitehaven to capitalise on strengthened coal prices in FY2018 and to report a record Net Profit After Tax of $525.6m.

The key highlights in FY2018 were:

TRIFR of 6.9 improved by 7%	Net Profit After Tax of $525.6m
ROM production of 22.9Mt decreased by 1%	Operating EBITDA of $930.3m increased by 30%
Saleable production of 20.9Mt flat	Cash generated from operations of $854.0m increased by 30%
Coal sales of 22.1Mt increased by 7%	Costs of production $62/t which are competitive

As a result 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, Whitehaven has been well positioned in FY2018 to strengthen its balance sheet, invest in sustaining capital and growth assets, and provide shareholders with increased returns. In FY2018 Whitehaven returned a total of $327m to shareholders and a further $268m in dividends in the first quarter of FY2019.

COMPANY PERFORMANCE FOR THE LAST FIVE YEARS

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

	2018	2017	2016	2015	2014
Revenue ($m)	**2,257.4**	1,773.2	1,164.4	763.3	755.4
Operating EBITDA before significant items ($m)	**930.3**	714.2	224.1	130.3	90.4
Profit / (loss) attributable to the Group ($m)	**525.6**	405.4	20.5	(342.7)	(38.4)
Share price at year end (dollars per share)	**$5.78**	$2.87	$1.08	$1.32	$1.43[2]
Basic EPS (cents per share)	**53.2**	41.2	2.1	(33.3)	(3.9)
Diluted EPS (cents per share)	**52.2**	40.7	2.1	(33.3)	(3.9)
Shareholder distributions paid (cents per share)	**33**	–	–	–	–
Total Reportable Injury Frequency Rate (TRIFR)	**6.9**	7.4	10.6	11.3	14.1
Environmental Enforcement Action Frequency Rate (EEAFR)[1]	**2.1**	4.2	8.1	2.9	1.9
Managed saleable production – Mt	**20.9**	20.8	19.7	11.3	8.2

1 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 The opening share price for 2014 was $2.30.

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: John Conde (Committee Chairman) – who replaced Christine McLoughlin upon her resignation on 16 February 2018 – Mark Vaile, and Fiona Robertson. 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. REMUNERATION GOVERNANCE *(CONT.)*

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 apply only to those advisers that provide a 'remuneration recommendation' as defined in the Corporations Act. The Committee did not receive any remuneration recommendations in FY2018.

2.3 EXECUTIVE KMP REMUNERATION PRINCIPLES AND FRAMEWORK

The Company's Executive KMP remuneration framework is based on a set of core principles and is comprised of both fixed and at-risk remuneration components. Details of the core principles, framework components and how they applied during FY2018 are described below and in section 3.

Attract and retain skilled executives	Structures are equitable and reinforce relevant Company policies	Incentives are challenging and linked to the creation of sustainable shareholder returns	Incentives are aligned with the long-term interests of the Company and its shareholders
Fixed remuneration (TFR)	At-risk STI		At-risk LTI
Cash		Equity	
– includes salary and superannuation	– 50% of STI is delivered as cash	– 50% of STI 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)	– provides the Remuneration Committee with the flexibility to determine the nature, terms and conditions of the grant each year
– reviewed annually by the Remuneration Committee	– determined based on a mix of financial and non-financial performance conditions	– 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)	– operated in FY2018 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)
– benchmarked against peer companies	– STI opportunity is set between 70% and 100% of TFR for target performance and between 87.5% and 125% of TFR for stretch performance		– the face value of the LTI opportunity is currently set between 80% and 100% of TFR
– set based on individual performance and experience			– vesting is subject to two independent performance hurdles – Relative TSR and Costs Target

REMUNERATION FRAMEWORK SUMMARY

		At-risk % of TFR		
	TFR	STI	LTI[1]	LTI[1]
		TARGET – STRETCH [1]	FY2018	FY2019
CEO	Benchmarked	100% – 125%	100%	120%
COO	Benchmarked	80% – 100%	90%	100%
Other Executive KMP	Benchmarked	70% – 87.5%	80%	80%
Form of delivery	Salary & Superannuation	Cash 50% Performance Rights 50%	Performance Rights and Options	Performance Rights
Performance period	N/A	1 year (with up to 2 years further deferral)	3 & 4 years	3 & 4 years
Further explanation	Section 3.1 to 3.3 and Section 4	Section 3.4	Section 3.5	Section 4

1 As a % of TFR.

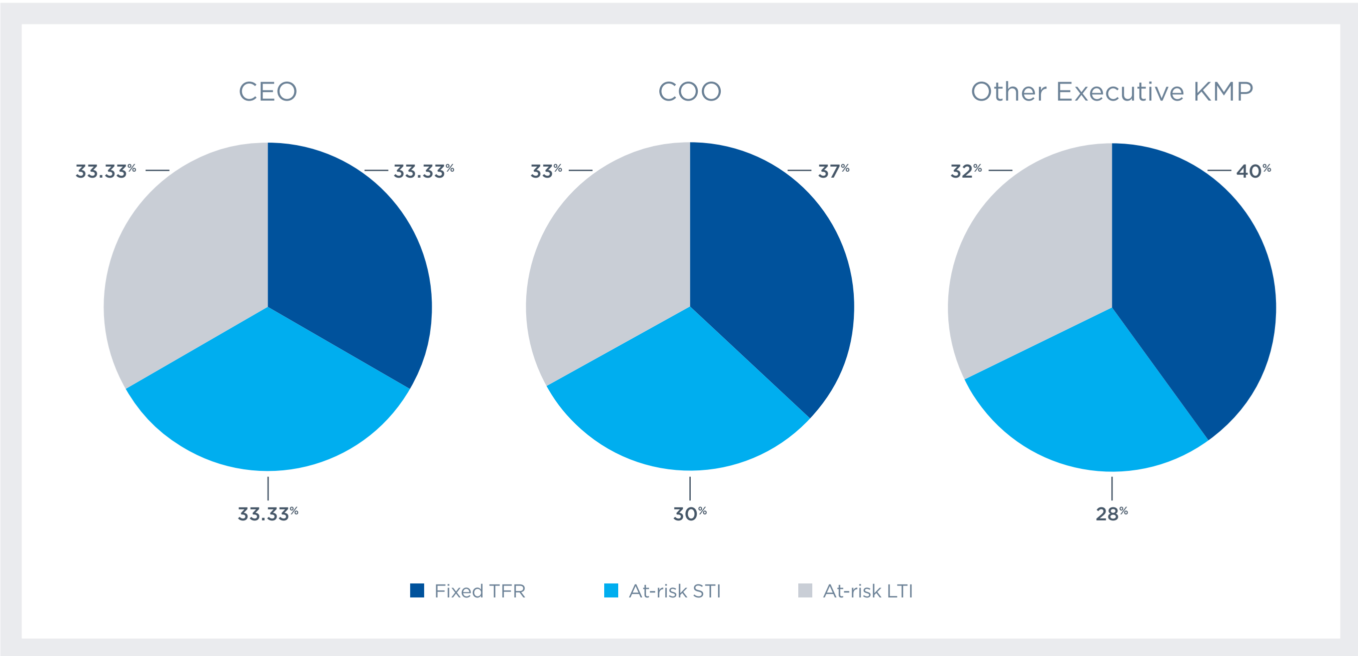
3. REMUNERATION OF THE EXECUTIVE KMP FOR FY2018

This section describes in greater detail the different components of Executive KMP remuneration for FY2018.

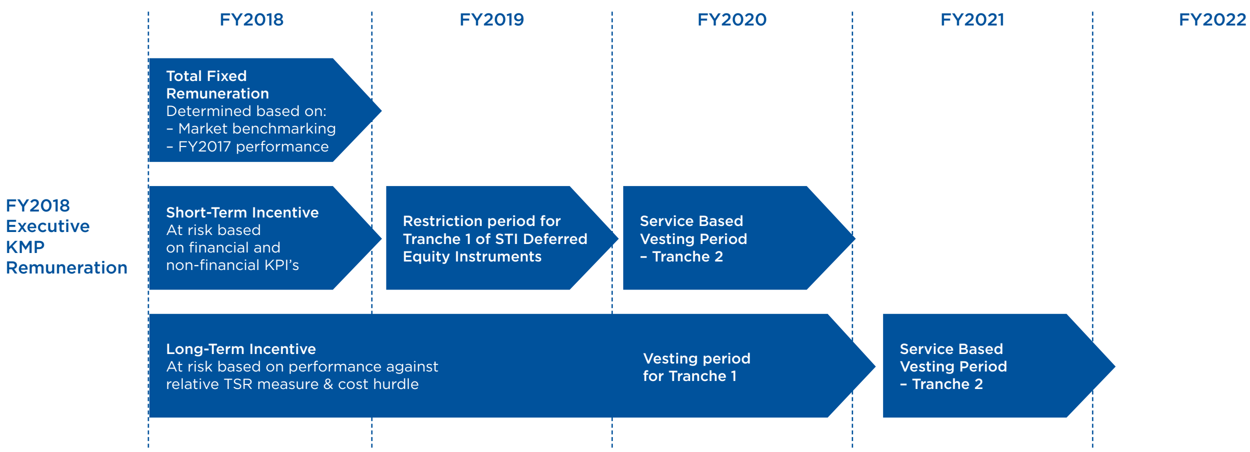
3.1 MIX AND TIMING OF EXECUTIVE KMP REMUNERATION

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 multi-year timeframes to create a layered retention effect and to encourage sustained performance.

The graphs below illustrate the remuneration mix for Executive KMP for FY2018 (assuming target performance for at-risk components).



The diagram below shows timing for determining and delivering Executive KMP remuneration for FY2018.



3. REMUNERATION OF THE EXECUTIVE KMP FOR FY2018 *(CONT.)*

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. 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.

Remuneration is benchmarked against an appropriate market comparator group adopted by the Board. The Board considers company size, complexity and business challenges when it builds its remuneration comparator group.

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

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 having regard to 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.

3.4 STI AWARDS AND STRUCTURE FOR FY2018 PERFORMANCE

The terms of the STI that applied during FY2018 were:

Who participated?	All Executive KMP.
What was the performance period?	The STI for FY2018 operated over a 12-month performance period from 1 July 2017 to 30 June 2018.
What was the target STI award?	Executive KMPs' target STI was between 70% and 100% of TFR over the 12-month performance period with a total of between 87.5% and 125% of TFR for stretch performance. The STI amount actually awarded to each Executive KMP in FY2018 is shown in section 3.7.
How is the STI calculated?	STI awards are calculated as follows: **Value of STI Award** = TFR X Target Opportunity X Level of KPI result
What were the performance conditions, why were they chosen and how were they assessed?	Whitehaven has chosen performance conditions that link to our strategy and motivate outperformance of annual business plans. The following KPIs were adopted as performance conditions and applied to the FY2018 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) – Leadership and individual key performance indicators as agreed between the CEO and the Board, for example community engagement and project development targets. The Board set target KPIs at the commencement of FY2018. Against a strong prior year performance the Board set target KPI's that, if achieved, would continue the strong performance of the Company. 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 weighting of each performance condition is set out in the following table:

	CEO	CFO	Company Secretary/ General Counsel	EGM Project Delivery	COO	EGM Marketing and Logistics	EGM Corporate and External Affairs[1]
Safety (TRIFR)	20%	20%	20%	10%	20%	20%	n/a
NPAT	25%	25%	25%	25%	25%	25%	n/a
ROM production	20%	20%	20%	10%	20%	20%	n/a
FOB cost per saleable tonne	15%	15%	15%	15%	15%	15%	n/a
Environmental (EEAFR)	10%	10%	10%	10%	10%	10%	n/a
Individual leadership KPIs	10%	10%	10%	30%	10%	10%	n/a

1 Commenced on 28 May 2018 – no entitlement to STI in FY2018.

What performance level was achieved?

The table below summarises details in relation to each KPI and the performance levels achieved for FY2018.

Performance condition	KPI measure	Actual KPI result	STI Outcome	Comment
Safety	TRIFR	6.9	Between Target and Stretch	The emphasis on a safe working environment has resulted in the sustained reduction in the TRIFR. The Whitehaven view that "tonnes cannot come at the expense of safety" is embedded in the Company's culture. Our operations have performed safely – our TRIFR of 6.9 is superior to the NSW coal industry average, and is a 7% improvement when compared with FY2017. The progress of the Company to improve safety processes and standards supports our goal of being the industry leader in safety.
NPAT	Net profit after tax	$525.6m	Stretch	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 sustained strength in coal prices and deliver a record operating profit for the Group.
ROM production	ROM production (managed)	22.9Mt	Below Gateway	In FY2018, ROM coal production was impacted adversely by geological issues at Narrabri underground mine. Despite the impact of these factors managed ROM production of 22.9Mt for the year was only a 1% decrease year-on-year. Within the Group result, Maules Creek produced a record 11.0Mt ROM production, an increase of 13% year-on-year.
FOB cost	FOB cost per saleable tonne	$62/tonne	Between Target and Stretch	Our goal continues to maintain low, industry-leading unit costs. The Narrabri underground mine has been impacted by a series of longwall face mechanical issues and by localised weighting events. These resulted in below trend production rates at Narrabri. The lower contribution of Narrabri coal to the Group portfolio along with cost pressures at Maules Creek have resulted in an increase in unit costs for the year. Consequently, unit costs for FY2018 of $62/t were 7% higher than the previous year. Unit costs continue to be in the best quartile and in line with business plans.
Environmental	EEAFR	2.1	Stretch	In FY2017 the Board elevated the operational environmental KPI into the Executive KMP STI programme stressing the importance of compliance with environmental approval conditions and maintaining the Group's standing in the community. The Group strives to adopt and achieve industry best practice. The Environmental Enforcement Action Frequency Rate (EEAFR) for FY2018 represented a 50% improvement year-on-year falling to 2.1 from the previous year of 4.2.
Individual leadership	Individual based	Individual based	Between Target and Stretch / Stretch	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.

KEY: Stretch   Between Target and Stretch   Below Gateway

3. REMUNERATION OF THE EXECUTIVE KMP FOR FY2018 *(CONT.)*

3.4 STI AWARDS AND STRUCTURE FOR FY2018 PERFORMANCE *(CONT.)*

How will the STI be delivered?	50% of the STI award is paid to the Executive KMP in cash in September 2018. The remaining 50% of the STI award is 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 FY2019, while the other half will vest and become exercisable following the completion of FY2020. 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 2028 (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 exercise. However, following exercise of vested STI awards the recipient is entitled to receive a Dividend Equivalent Payment **(DEP)** in respect of the period between grant and exercise. Any DEP 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 AWARDS AND STRUCTURE OF LTI GRANTS MADE IN FY2018

The terms of the FY2018 LTI grants to Executive KMP were:

Who participated?	All Executive KMP.
How will LTI be delivered?	FY2018 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.
What was the value of LTI awards granted?	The value of LTI awards granted to the Executive KMP for FY2018 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 COO 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-day trading period commencing 10 trading days prior to 30 June 2017. 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 2017 Annual General Meeting for the FY2018 grant of LTI awards to the CEO.
How are the LTI awards calculated?	The value of LTI awards and the number of performance rights and options granted is calculated as follows:

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 granted as options in FY2018 have an exercise price of $2.85 (being the volume weighted average price of the Company's shares over the 20-day trading period commencing 10 trading days prior to 30 June 2017). Vested rights have a last date for exercise that is 10 years following the grant date while vested options have a last date for exercise up to five years following the grant date (Last Exercise Dates). On these Last Exercise Dates, vested but unexercised rights will be exercised automatically and vested but unexercised options will lapse.

<table>
<tr><td>What are the performance conditions?</td><td>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).</td></tr>
<tr><td>Why were these performance conditions chosen?</td><td>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 because:
1. It provides a structural incentive to LTI participants to ensure that the Company is competitively positioned against Australian coal producer
2. This structural incentive is aligned with shareholder interests
3. Tight control of costs of production i.e. competitively positioned is a key plank in our strategy. For this reason we have a cost metric in both our STI and LTI structures
4. Competitive costs protect and preserve shareholder value in difficult times and support enhanced returns when the commodity cycle recovers, and
5. When costs are competitive 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.</td></tr>
<tr><td>What are the performance periods?</td><td>Each TSR Award is divided into two equal tranches capable of vesting and becoming exercisable after a three-and four-year performance period, with each performance period commencing on 1 July 2017.

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 2020 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.</td></tr>
<tr><td>How will the performance condition be calculated for the TSR Awards?</td><td>For the TSR Hurdle, the TSR of the Company for the FY2018 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.

<table>
<tr><td>BHP Billiton</td><td>Rio Tinto</td><td>Woodside Petroleum</td></tr>
<tr><td>Mineral Resources</td><td>Oil Search</td><td>Newcrest Mining</td></tr>
<tr><td>South32</td><td>Saracen Mineral Holding</td><td>Santos</td></tr>
<tr><td>Fortescue Metals Group</td><td>Sandfire Resources</td><td>Iluka Resources</td></tr>
<tr><td>WorleyParsons</td><td>Syrah Resources</td><td>Western Areas</td></tr>
<tr><td>New Hope Corp</td><td>Beach Energy</td><td>Northern Star Resources</td></tr>
<tr><td>OZ Minerals</td><td>Evolution Mining</td><td>Independence Group</td></tr>
</table>
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 the 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-day trading period commencing 10 trading days before 30 June 2017 (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 2020 and 30 June 2021, as applicable (closing share price).</td></tr>
</table>

3. REMUNERATION OF THE EXECUTIVE KMP FOR FY2018 *(CONT.)*

3.5 AWARDS AND STRUCTURE OF LTI GRANTS MADE IN FY2018 *(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 a competitive position on the then current coal industry cost curve. Testing will occur following the completion of FY2020 based on the average costs achieved on a Company-wide basis over the 12-month period from 1 July 2019 to 30 June 2020. Full vesting will only occur if the Board is satisfied that performance meets or exceeds the target 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: – Target or above – 100% of the Costs Target Awards vest – Between Gateway and Target – vesting will occur on a pro rata straight line basis up to target 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 FY2020: – 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 exercise. Upon exercise of vested LTI awards the recipient is entitled to receive a DEP in respect of the period between grant and exercise. Any DEP 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: unvested performance awards will lapse. – 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. – 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 FY2018. It includes:

- Fixed remuneration earned in FY2018
- STI earned in respect of FY2018 performance (including cash payable in September 2018 and Deferred Equity for FY2018 which may vest and become exercisable in later years)
- LTI that reached the end of its performance period in FY2018 including the impact of share price growth between the grant date and the test date
- any termination benefits provided in FY2018, and
- any non-monetary benefits provided to Executive KMP in FY2018 (including fringe benefits).

The amounts disclosed in the table, while not in accordance with accounting standards, may be more helpful for shareholders to consider the linkage between Company performance and remuneration outcomes for Executive KMP for FY2018.

Executive KMP	FY	TFR[1]	STI[2] Cash	Total Cash	FY2018 Deferred Equity STI[5]	LTI[3] Vested at face value of award	Other[4]	Total remuneration	Vested LTI[7] Share Price Growth	Total Including Share Price Growth
Paul Flynn CEO	**2018**	**1,352,520**	**636,983**	**1,989,503**	**636,983**	**1,129,962**	**12,660**	**3,769,108**	**3,762,412**	**7,531,520**
	2017	*1,352,520*	*773,942*	*2,126,462*	*773,942*	*832,001*	*12,500*	*3,744,905*	*587,251*	*4,332,156*
Kevin Ball CFO	**2018**	**612,000**	**201,759**	**813,759**	**201,759**	**420,803**	**-**	**1,436,321**	**1,397,755**	**2,834,076**
	2017	*612,000*	*245,036*	*857,036*	*245,036*	*251,817*	–	*1,353,889*	*204,522*	*1,558,411*
Timothy Burt GC/Company Secretary	**2018**	**520,200**	**171,495**	**691,695**	**171,495**	**387,682**	**12,660**	**1,263,532**	**1,279,355**	**2,542,887**
	2017	*520,200*	*201,541*	*721,741*	*201,541*	*377,336*	*12,500*	*1,313,118*	*180,250*	*1,493,368*
Brian Cole EGM Project Delivery	**2018**	**676,260**	**223,122**	**899,382**	**223,122**	**504,026**	**635**	**1,627,165**	**1,663,282**	**3,290,447**
	2017	*676,260*	*264,141*	*940,401*	*264,141*	*502,727*	*10,432*	*1,717,701*	*233,671*	*1,951,372*
Jamie Frankcombe COO	**2018**	**910,350**	**342,991**	**1,253,341**	**342,991**	**719,496**	**12,660**	**2,328,488**	**2,385,627**	**4,714,115**
	2017	*910,350*	*410,365*	*1,320,715*	*410,365*	*518,001*	*12,500*	*2,261,581*	*378,971*	*2,640,552*
Scott Knights EGM Marketing and Logistics	**2018**	**525,000**	**173,078**	**698,078**	**173,078**	**362,161**	**-**	**1,233,317**	**1,198,778**	**2,432,095**
	2017	*525,000*	*210,292*	*735,292*	*210,292*	*180,000*	–	*1,125,584*	*171,371*	*1,296,955*
Michael van Maanen[6] EGM Corporate and External Affairs	**2018**	**36,308**	**-**	**36,308**	**-**	**-**	**-**	**36,308**	**-**	**36,308**
	2017	–	–	–	–	–	–	–	–	–

1 TFR comprises base salary and superannuation.

2 STI represents the amount of cash STI that each Executive KMP will be paid in September 2018 based on FY2018 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 FY2018 and which have vested for awards made between 2014 and 2015. The amounts shown are the face value of the awards at grant. Refer to section 3.8 for further details.

4 Other includes parking, motor vehicle benefits and other similar items.

5 Deferred Equity STI refers to the amount of STI deferred into rights that are the subject to further service conditions. Whilst not yet granted, the STI is expected to be issued at a VWAP of $5.70. It is expected that rights issued under the STI will vest and become exercisable following the completion of FY2019 and FY2020. Refer to Section 3.4 for further details.

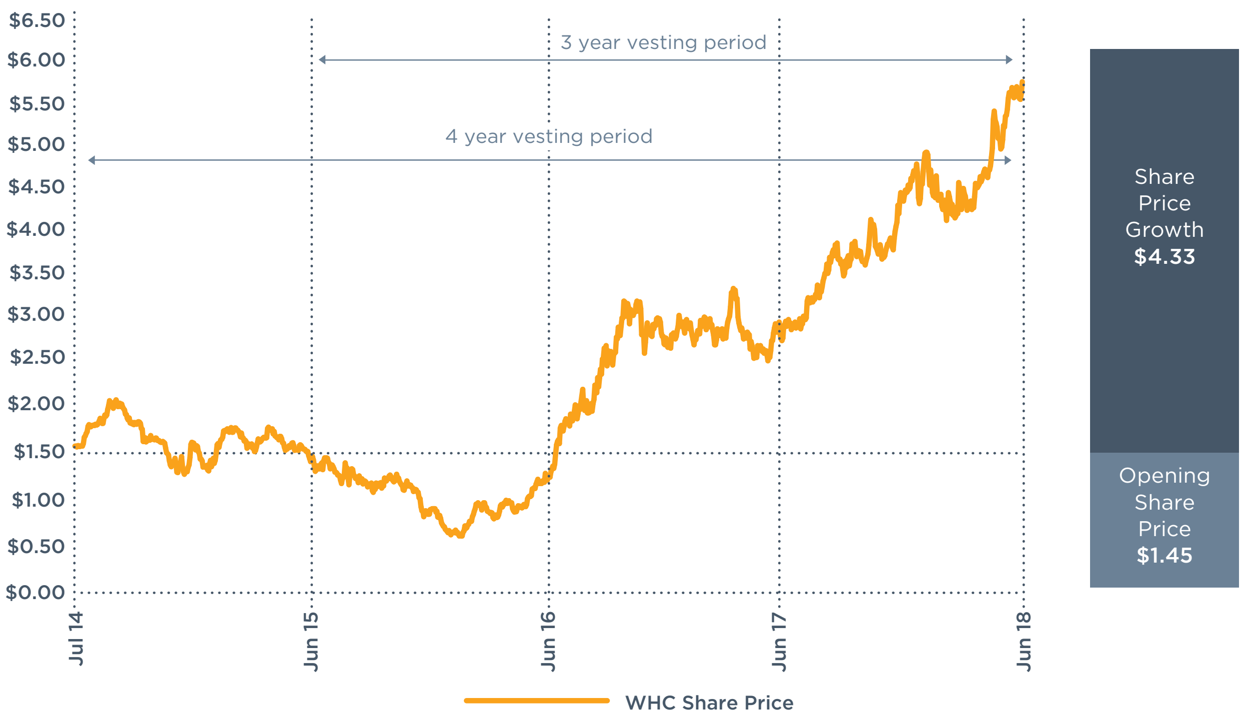
6 Commenced on 28 May 2018.

7 LTI Share Price Growth is the amount of the LTI award delivered by an increase between the face value VWAP used for the award that was granted and the VWAP of a share at the award test date for those awards which vested. Whitehaven Coal share price performance over the 3 and 4 year periods is shown in the graph below and outcomes are explained further in section 3.8 of this report.

3. REMUNERATION OF THE EXECUTIVE KMP FOR FY2018 *(CONT.)*

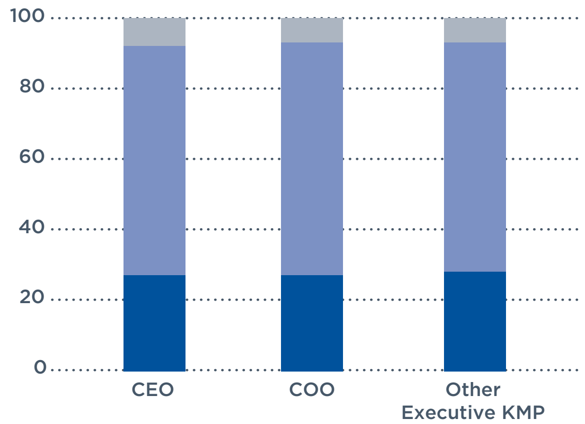
3.6 EXECUTIVE KMP REALISED REMUNERATION OUTCOMES *(CONT.)*

WHC SHARE PRICE GROWTH



The graphs below illustrate how the remuneration mix for Executive KMP for FY2018 was delivered. A significant proportion of the remuneration mix for FY2018 was from LTI awards, which is a reflection of the significant share price growth achieved to the end of FY2018.

REALISED REMUNERATION MIX FOR EXECUTIVE KMP FOR FY2018



	CEO	COO	Other Executive KMP
TFR and STI cash	27%	27%	28%
LTI Awards	65%	66%	65%
STI Deferred Equity	8%	7%	7%

3.7 EXECUTIVE KMP STI OUTCOMES IN FY2018

The individual STI outcome for each Executive KMP for FY2018 is set out in the table below.

Executive KMP	Paid as cash	Deferred equity	Total	Percentage of STI received	Percentage of STI forfeited
	$	$	$		
Paul Flynn	636,983	636,983	1,273,966	75%	25%
Kevin Ball	201,759	201,759	403,518	75%	25%
Timothy Burt	171,495	171,495	342,990	75%	25%
Brian Cole	223,122	223,122	446,244	75%	25%
Jamie Frankcombe	342,991	342,991	685,982	75%	25%
Scott Knights	173,078	173,078	346,156	75%	25%
Michael van Maanen[1]	–	–	–	–	–

1 Commenced 28 May 2018.

Details of the remuneration of Executive 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 FY2018

VESTING PERIOD	WHC 4YR TSR PERFORMANCE	WHC TSR RANK VS PEER GROUP	VESTING OF 2014-2018 LTI (TSR)
2014-2018	+325%	1ST	100%
VESTING PERIOD	**WHC 3YR TSR PERFORMANCE**	**WHC TSR RANK VS PEER GROUP**	**VESTING OF 2015-2018 LTI (TSR)**
2015-2018	+377%	2ND	100%

This is only the second year since the 2012 merger that LTI awards have vested. The Board believes that the Company is well positioned to continue its strong performance and to deliver value for shareholders. In FY2018 the Company delivered a TSR of 118% and ranked 4th in the ASX 200 for the year. The Company also returned $327m to shareholders. The Company's balance sheet strength, quality of operations and forecast modest future capital needs underpin the decision by the Board to pay a further $268m in dividends (27 cents per share) to shareholders from the FY2018 results.

The table below sets out the LTI awards that were tested in FY2018 (or for which the test period concluded on 30 June 2018) and the results of the relevant test.

			Outcomes		
LTI Year	Tranche	Test type	Performance	Vested	Lapsed
2014	2 of 2	Relative TSR	1 in 21	100%	0%
2015	1 of 2	Relative TSR	2 in 23	100%	0%
2015	n/a	Costs Hurdle	$61.86/t Actual $60/t Target	80%	20%

TSR
OF 118%
#4 RANKED
IN THE ASX200
FOR 2018

COSTS HURDLE TARGET

In 2015, as coal prices continued their retreat from the 2011 highs, the Board set the Gateway and Target for FY2018. Saleable production in FY2015 was 11.3Mt while costs for FY2015 were $61/tonne. In 2015 the target of $60/t was chosen as being within the best cost quartile.

The actual cost result for FY2018 was $61.86/t. The Board believes that the cost structure in the Company is sustainable and competitive. FY2018 costs were well positioned against the Company's competitors and were within the best cost quartile. Accordingly, the Board has approved vesting of 80% of the award. 50% of Costs Hurdle Target awards vest immediately while the remaining 50% are subject to a further service vesting period of one year.

3. REMUNERATION OF THE EXECUTIVE KMP FOR FY2018 *(CONT.)*

3.8 EXECUTIVE KMP LTI OUTCOMES IN FY2018 *(CONT.)*

EXECUTIVE KMP LTI AWARDS VESTING IN FY2018

	LTI shares vested							
Executive KMP	2014 Tranche 2 TSR Hurdle	2015 Tranche 1 TSR Hurdle	2014 Tranche 2 Costs Target Hurdle	2015 Tranche 1 Costs Target Hurdle	Gross up for Capital Return[1]	LTI value	Vested LTI at face value of award[2]	Vested LTI share price appreciation[2]
						$	$	$
Paul Flynn	213,699	308,372	142,466	164,466	29,308	4,892,374	1,129,962	3,762,412
Kevin Ball	82,192	111,628	54,795	59,536	10,894	1,818,558	420,803	1,397,755
Timothy Burt	82,192	94,884	54,795	50,605	9,987	1,667,037	387,682	1,279,355
Brian Cole	106,866	123,349	71,244	65,787	12,983	2,167,308	504,026	1,663,282
Jamie Frankcombe	143,836	186,802	95,891	99,628	18,602	3,105,123	719,496	2,385,627
Scott Knights	73,973	92,093	49,315	49,117	9,351	1,560,939	362,161	1,198,778
Michael van Maanen[3]	–	–	–	–	–	–	–	–
Award test date	30 June 2018	30 June 2018	30 June 2018	30 June 2018				
VWAP – face value	$1.46	$1.29	$1.46	$1.29				
VWAP – Award test date	$5.70	$5.70	$5.70	$5.70				

1 Refer to the Notice of 2017 Annual General Meeting, Resolution 6.

2 As presented in section 3.6.

3 Commenced 28 May 2018.

POLICIES AND CONDITIONS RELATING TO WHITEHAVEN'S EQUITY INCENTIVE PLANS

Malus and Clawback

The Board has the ability to reduce the number of deferred equity instruments that vest if subsequent events show such a reduction to be appropriate (clawback).

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.

Prohibition on Hedging

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.

Change of Control

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 STI Deferred Equity will vest and become exercisable.

Treatment of Incentives on Cessation of Employment

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.

Treatment of unvested incentives is dealt with in accordance with the terms of grant.

In general, under 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.

4. EXECUTIVE KMP EMPLOYMENT CONTRACTS

This 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 AND CEO

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 FY2019 is $1,500,000 (FY2018:$1,352,520). It includes salary, superannuation contributions, 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 FY2019 STI opportunity is 100% of TFR (FY2018: 100%), with up to 125% of TFR for Stretch performance (FY2018: 125%).
Long-term incentive	Mr Flynn is eligible to participate in the LTI plan as described in section 3.5, subject to receiving required shareholder approval. Mr Flynn's LTI grant in FY2019 will be 120% of his TFR (FY2018: 100%). The form of the Award will be provided 100% as rights to acquire shares; each right held will entitle Mr Flynn to receive one ordinary share in the Company subject to satisfaction of the relevant performance conditions. The FY2018 award was in the form of 50% options and 50% rights.
Other key terms	Other key terms of Mr Flynn's service agreement include the following: – his employment is ongoing, subject to 12 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.

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 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 Chief Operating Officer Appointed 4 February 2013	3 months by employee 6 months by the Company
Scott Knights Executive General Manager – Marketing and Logistics Appointed 18 August 2014	6 months by employee or the Company
Michael van Maanen Executive General Manager – Corporate and External Affairs Appointed 28 May 2018	3 months by employee 6 months by the Company

5. EXECUTIVE KMP – STATUTORY 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.

$	FY	Salary & fees	Non – monetary benefits	Super- annuation benefits	STI	Termination benefits	Share-based payments: Shares	Share-based payments: Rights and options	Total remun- eration	Perfor- mance related
			A		B			C		%
EXECUTIVE DIRECTORS										
Paul Flynn	**2018**	**1,327,520**	**12,660**	**25,000**	**1,248,639**	**–**	**–**	**2,033,472**	**4,647,291**	**71%**
	2017	*1,317,520*	*12,500*	*35,000*	*1,216,379*	*–*	*–*	*896,355*	*3,477,754*	*61%*
OTHER EXECUTIVE KMP										
Kevin Ball	**2018**	**587,000**	**–**	**25,000**	**401,275**	**–**	**–**	**738,135**	**1,751,410**	**65%**
	2017	*587,000*	*–*	*25,000*	*398,300*	*–*	*–*	*325,679*	*1,335,979*	*54%*
Timothy Burt	**2018**	**508,377**	**12,660**	**11,823**	**339,554**	**–**	**–**	**632,604**	**1,505,018**	**65%**
	2017	*490,000*	*12,500*	*30,000*	*334,342*	*–*	*–*	*301,368*	*1,168,210*	*54%*
Brian Cole	**2018**	**651,260**	**635**	**25,000**	**440,583**	**–**	**–**	**822,393**	**1,939,871**	**65%**
	2017	*641,260*	*10,432*	*35,000*	*434,056*	*–*	*–*	*393,150*	*1,513,898*	*55%*
Jamie Frankcombe	**2018**	**885,350**	**12,660**	**25,000**	**677,136**	**–**	**–**	**1,237,869**	**2,838,015**	**67%**
	2017	*875,350*	*12,500*	*35,000*	*666,684*	*–*	*–*	*565,718*	*2,155,252*	*57%*
Scott Knights	**2018**	**500,000**	**–**	**25,000**	**343,275**	**–**	**–**	**602,005**	**1,470,280**	**64%**
	2017	*500,000*	*–*	*25,000*	*337,503*	*–*	*–*	*198,333*	*1,060,836*	*51%*
Michael van Maanen*	**2018**	**33,750**	**–**	**2,558**	**–**	**–**	**–**	**–**	**36,308**	**–**
	2017	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
Total	**2018**	**4,493,257**	**38,615**	**139,381**	**3,450,462**	**–**	**–**	**6,066,478**	**14,188,193**	
	2017	*4,411,130*	*47,932*	*185,000*	*3,387,264*	*–*	*–*	*2,680,603*	*10,711,929*	

* Commenced 28 May 2018.

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 vesting conditions. The fair value for STI grants is based on the volume weighted average price of Whitehaven shares over the 20-day trading 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 GRANTED IN FY2018

Details of the Deferred Equity component arising from FY2017 Executive KMP STI award performance granted in FY2018 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	135,780	Service	$2.85	August 2018
	135,779	Service	$2.85	August 2019
Kevin Ball	42,989	Service	$2.85	August 2018
	42,989	Service	$2.85	August 2019
Timothy Burt	35,359	Service	$2.85	August 2018
	35,358	Service	$2.85	August 2019
Brian Cole	46,341	Service	$2.85	August 2018
	46,341	Service	$2.85	August 2019
Jamie Frankcombe	71,995	Service	$2.85	August 2018
	71,994	Service	$2.85	August 2019
Scott Knights	36,894	Service	$2.85	August 2018
	36,893	Service	$2.85	August 2019
Michael van Maanen*	–	n/a	n/a	n/a

* Commenced 28 May 2018.

1 The Deferred Equity component of FY2017 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 31 August 2027 (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-day trading period commencing 10 trading days prior to 30 June 2017 being $2.85.

3 The Vesting Dates for Deferred Equity rights are the respective dates when the financial results for each of FY2018 and FY2019 are released to the market.

5.3 LTI AWARDS GRANTED IN FY2018

A summary of the LTI awards granted in FY2018 (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 granted	Value of options granted	Fair value of performance rights at grant date	Fair value of options at grant date
			$	$	$	$
Paul Flynn	237,285	786,349	676,260	676,260	725,498	517,024
Kevin Ball	85,895	284,652	244,800	244,800	262,623	187,159
Timothy Burt	73,011	241,954	208,080	208,080	223,231	159,085
Brian Cole	94,914	314,540	270,504	270,504	290,200	206,810
Jamie Frankcombe	143,740	476,346	409,658	409,657	439,485	313,198
Scott Knights	73,685	244,187	210,000	210,000	225,291	160,553
Michael van Maanen*	–	–	–	–	–	–

* Commenced 28 May 2018.

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-day trading period commencing 10 trading days prior to 30 June 2017, being $2.85. 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 27 October 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 $2.85.

5. EXECUTIVE KMP – STATUTORY REMUNERATION TABLES *(CONT.)*

5.3 LTI AWARDS GRANTED IN FY2018 *(CONT.)*

Details of the LTI awards which were granted to Executive KMP on 27 October 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	59,322	196,588	TSR	$2.43	$0.61	30 June 2020
	59,321	196,587	TSR	$2.50	$0.61	30 June 2021
	118,642	393,174	Costs hurdle[2]	$3.65	$0.72	30 June 2020
			Costs hurdle[2]	$3.65	$0.69	30 June 2021
Kevin Ball	21,474	71,163	TSR	$2.43	$0.61	30 June 2020
	21,474	71,163	TSR	$2.50	$0.61	30 June 2021
	42,947	142,326	Costs hurdle[2]	$3.65	$0.72	30 June 2020
			Costs hurdle[2]	$3.65	$0.69	30 June 2021
Timothy Burt	18,253	60,489	TSR	$2.43	$0.61	30 June 2020
	18,253	60,488	TSR	$2.50	$0.61	30 June 2021
	36,505	120,977	Costs hurdle[2]	$3.65	$0.72	30 June 2020
			Costs hurdle[2]	$3.65	$0.69	30 June 2021
Brian Cole	23,729	78,635	TSR	$2.43	$0.61	30 June 2020
	23,728	78,635	TSR	$2.50	$0.61	30 June 2021
	47,457	157,270	Costs hurdle[2]	$3.65	$0.72	30 June 2020
			Costs hurdle[2]	$3.65	$0.69	30 June 2021
Jamie Frankcombe	35,935	119,087	TSR	$2.43	$0.61	30 June 2020
	35,935	119,086	TSR	$2.50	$0.61	30 June 2021
	71,870	238,173	Costs hurdle[2]	$3.65	$0.72	30 June 2020
			Costs hurdle[2]	$3.65	$0.69	30 June 2021
Scott Knights	18,422	61,047	TSR	$2.43	$0.61	30 June 2020
	18,421	61,047	TSR	$2.50	$0.61	30 June 2021
	36,842	122,093	Costs hurdle[2]	$3.65	$0.72	30 June 2020
			Costs hurdle[2]	$3.65	$0.69	30 June 2021
Michael van Maanen[3]	–	–	n/a	n/a	n/a	n/a

1 The fair value for awards granted to the Executive KMP is based on the fair value at 27 October 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 $2.85.

2 To the extent that the Costs Target Hurdle is satisfied at the end of FY2020, 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.

3 Michael van Maanen commenced on 28 May 2018.

6. NON-EXECUTIVE DIRECTOR REMUNERATION

This section explains the fees paid to Non-executive Directors during FY2018.

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 encouraged to hold shares.

Non-executive Directors are also 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 FY2019.

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 adjusted Non-executive Directors fees for FY2018. The Company had not increased Directors fees since the 2012 merger. For the upcoming financial year no changes are proposed.

	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 & Nomination 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 63), the Non-executive Directors participated in visits to Japanese customers, finance providers and equipment suppliers, site visits to mines, coal handling and preparation plants and participated in the Company's annual safety day.

6. NON-EXECUTIVE DIRECTOR REMUNERATION *(CONT.)*

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	
$	FY	Board & Committee fees	Non-monetary benefits	Other benefits (non-cash)	Superannuation benefits	Total fees for services as a Non-executive Director
NON-EXECUTIVE DIRECTORS						
The Hon. Mark Vaile AO (Chairman)	**2018**	**375,000**	**–**	**–**	**20,049**	**395,049**
	2017	*350,000*	–	–	*19,616*	*369,616*
John Conde AO (Deputy Chairman)	**2018**	**262,500**	**–**	**–**	**20,049**	**282,549**
	2017	*262,500*	–	–	*19,616*	*282,116*
Dr Julie Beeby	**2018**	**167,500**	**–**	**–**	**15,913**	**183,413**
	2017	*152,500*	–	–	*14,487*	*166,987*
Tony Haggarty	**2018**	**200,000**	**–**	**–**	**19,000**	**219,000**
	2017	*185,000*	–	–	*17,575*	*202,575*
Raymond Zage	**2018**	**–**[1]	**–**	**–**	**–**	**–**
	2017	*–*[1]	–	–	–	–
Fiona Robertson[2]	**2018**	**67,500**	**–**	**–**	**6,412**	**73,912**
	2017	–	–	–	–	–
Christine McLoughlin[3]	**2018**	**125,000**	**–**	**–**	**11,875**	**136,875**
	2017	*177,500*	–	–	*16,862*	*194,362*
Total	**2018**	**1,197,500**	**–**	**–**	**93,298**	**1,290,798**
	2017	*1,127,500*	–	–	*88,156*	*1,215,656*

1 Mr Zage elected not to receive any Board & Committee fees in FY2018 and FY2017.

2 Ms Robertson commenced on 16 February 2018.

3 Ms McLoughlin resigned on 16 February 2018.

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 2017 (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 2018 (number)	Vested and exercisable at 30 June 2018
			(A)	(B) $			(C) $		(D)		
Paul Flynn	Performance Rights (LTI)	2,594,583	237,285	725,498	497,983	497,983	380,811	153,636	2013	2,180,249	–
	Options (LTI)	1,822,081	786,349	517,024	–	–	–	–	–	2,608,430	–
	Deferred Rights (STI)	455,324	271,559	773,942	193,020	359,616	456,248	–	–	367,267	–
Kevin Ball	Performance Rights (LTI)	896,571	85,895	262,623	160,119	160,119	138,890	25,058	2013	797,289	–
	Options (LTI)	659,577	284,652	187,159	–	–	–	–	–	944,229	–
	Deferred Rights (STI)	121,393	85,978	245,036	79,592	79,592	99,330	–	–	127,779	–
Timothy Burt	Performance Rights (LTI)	847,040	73,011	223,231	177,702	177,702	151,374	44,106	2013	698,243	–
	Options (LTI)	560,641	241,954	159,085	–	–	–	–	–	802,595	–
	Deferred Rights (STI)	178,623	70,717	201,541	74,777	141,638	179,754	–	–	107,702	–
Brian Cole	Performance Rights (LTI)	1,107,029	94,914	290,200	233,833	233,833	198,794	60,366	2013	907,744	–
	Options (LTI)	728,833	314,540	206,810	–	–	–	–	–	1,043,373	–
	Deferred Rights (STI)	224,318	92,682	264,141	93,264	180,183	228,905	–	–	136,817	–
Jamie Frankcombe	Performance Rights (LTI)	1,596,936	143,740	439,485	314,727	314,727	267,566	81,250	2013	1,344,699	–
	Options (LTI)	1,103,761	476,346	313,198	–	–	–	–	–	1,580,107	–
	Deferred Rights (STI)	300,720	143,989	410,365	133,402	235,996	299,257	–	–	208,713	–
Scott Knights	Performance Rights (LTI)	727,106	73,685	225,291	123,288	123,288	110,219	–	–	677,503	–
	Options (LTI)	565,814	244,187	160,553	–	–	–	–	–	810,001	–
	Deferred Rights (STI)	97,037	73,787	210,292	62,720	62,720	78,163	–	–	108,104	–
Michael van Maanen*	n/a	–	–	–	–	–	–	–	–	–	–

* Commenced 28 May 2018.

(A) The number of rights granted during FY2018 includes:

a. The FY2017 LTI awards. Further details are provided in section 5.3.

b. The Deferred Equity component of the FY2017 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 2017. The granting of rights occurred on 27 October 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 2017. 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 2 of the 2013 LTI performance rights vested at a rate of 48%. The 2014 LTI Rights TSR Hurdle Tranche 1 fully vested during the year. The 2014 LTI Rights Costs Target Hurdle met the performance condition with 50% vesting during the year and the remaining 50% subject to a further 12 month service condition. The value of LTI performance rights vested in the year is the fair value of the performance rights at grant date.

Tranche 1 of the FY2016 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 2016.

Tranche 2 of the FY2015 STI Deferred Equity rights 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 1 July 2015.

(D) The year in which the lapsed performance rights, options or deferred shares were granted. 52% of the 2013 LTI Rights TSR Hurdle Tranche 2 award lapsed due to the performance conditions not being met.

7. RELATED PARTY TRANSACTIONS AND ADDITIONAL DISCLOSURES *(CONT.)*

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 2017	Received on vesting and exercise of STI/LTI	Received as remuneration	Other net change	Held at 30 June 2018
DIRECTORS					
The Hon. Mark Vaile AO	2,043,132	–	–	6,750	2,049,882
John Conde AO	888,620	–	–	–	888,620
Dr Julie Beeby	55,000	–	–	–	55,000
Paul Flynn	383,792	857,599	–	–	1,241,391
Tony Haggarty	11,934,485	–	–	(10,934,485)	1,000,000
Christine McLoughlin[1]	75,000	–	–	n/a	n/a
Raymond Zage	–	–	–	–	–
Fiona Robertson[2]	–	–	–	10,000	10,000
EXECUTIVE					
Kevin Ball	136,011	239,711	–	–	375,722
Timothy Burt	227,556	319,340	–	(176,752)	370,144
Brian Cole	87,774	414,016	–	–	501,790
Jamie Frankcombe	374,963	550,723	–	(425,686)	500,000
Scott Knights	–	186,008	–	(186,008)	–
Michael van Maanen[3]	–	–	–	–	–

1 Resigned 16 February 2018.

2 Commenced 16 February 2018.

3 Commenced 28 May 2018.

Signed in accordance with a resolution of the Directors:

The Hon. Mark Vaile AO
Chairman

Dated at Sydney this 14th day of August 2018

AUDITOR'S INDEPENDENCE DECLARATION

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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 2018, 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

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
14 August 2018

FINANCIAL REPORT

For the year ended 30 June 2018

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS INDEX

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	NOTE	2018 $'000	2017 $'000
Revenue	2.1	2,257,446	1,773,242
Other income		6,767	7,698
Operating expenses		(664,062)	(555,675)
Coal purchases		(175,069)	(33,416)
Selling and distribution expenses		(287,294)	(311,947)
Royalties		(169,941)	(133,407)
Depreciation and amortisation		(141,024)	(133,882)
Impairment of assets	2.2	–	(54,963)
Administrative expenses		(22,033)	(24,423)
Corporate development costs		(9,701)	-
Share-based payments expense	5.5(a)	(9,927)	(4,760)
Foreign exchange gain / (loss)		4,141	(3,088)
Profit before net financial expense		**789,303**	**525,379**
Financial income		1,600	1,409
Financial expenses		(30,491)	(51,362)
Net financial expense	5.2	**(28,891)**	**(49,953)**
Profit before tax		**760,412**	**475,426**
Income tax expense	2.3(a)	(234,836)	(70,059)
Net profit for the year		**525,576**	**405,367**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges	5.2	(372)	2,618
Income tax effect	2.3(b)	112	(785)
Other comprehensive income for the period, net of tax	5.2	**(260)**	**1,833**
Total comprehensive income for the period, net of tax		**525,316**	**407,200**
Net profit / (loss) for the period attributable to:			
Owners of the parent		525,576	406,445
Non-controlling interests		–	(1,078)
Total comprehensive income / (loss) for the period, net of tax attributable to:			
Owners of the parent		525,316	408,278
Non-controlling interests		–	(1,078)
Earnings per share:			
Basic earnings per share (cents per share)	2.4	53.2	41.2
Diluted earnings per share (cents per share)	2.4	52.2	40.7

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 2018

	NOTE	2018 $'000	2017 $'000
Assets			
Cash and cash equivalents		111,777	87,138
Trade and other receivables	*3.1*	97,698	113,278
Inventories	*3.2*	124,567	99,144
Derivative financial instruments	*5.3(d)*	2,595	2,413
Total current assets		**336,637**	**301,973**
Trade and other receivables	*3.1*	11,732	10,853
Investments		37	37
Property, plant and equipment	*4.1*	3,550,890	3,442,467
Exploration and evaluation	*4.2*	508,552	156,781
Intangible assets	*4.3*	22,200	22,200
Deferred tax assets	*2.3(c)*	–	32,729
Total non-current assets		**4,093,411**	**3,665,067**
Total assets		**4,430,048**	**3,967,040**
Liabilities			
Trade and other payables	*3.3*	223,984	166,054
Interest bearing loans and borrowings	*5.1*	35,137	23,560
Employee benefits	*7.1*	22,560	20,071
Provisions	*4.4*	6,136	5,188
Derivative financial instruments	*5.3(e)*	1,136	582
Total current liabilities		**288,953**	**215,455**
Non-current liabilities			
Interest bearing loans and borrowings	*5.1*	347,083	374,715
Deferred tax liability	*2.3(c)*	201,995	–
Provisions	*4.4*	102,201	84,574
Total non-current liabilities		**651,279**	**459,289**
Total liabilities		**940,232**	**674,744**
Net assets		**3,489,816**	**3,292,296**
Equity			
Issued capital	*5.4(a)*	2,993,458	3,136,941
Share-based payments reserve		13,948	7,827
Hedge reserve		1,022	1,282
Retained earnings		481,388	146,246
Equity attributable to owners of the parent		**3,489,816**	**3,292,296**
Non-controlling interest		**–**	**–**
Total equity		**3,489,816**	**3,292,296**

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 2018

	NOTE	Issued Capital	Share Based Payment Reserve	Hedge Reserve	Retained Earnings	Total	Non-controlling interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
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**
Opening balance at 1 July 2017		**3,136,941**	**7,827**	**1,282**	**146,246**	**3,292,296**	**–**	**3,292,296**
Profit for the period		–	–	–	525,576	525,576	–	525,576
Other comprehensive income		–	–	(260)	–	(260)	–	(260)
Total comprehensive income for the year		**–**	**–**	**(260)**	**525,576**	**525,316**	**–**	**525,316**
Transactions with owners in their capacity as owners:								
Dividends paid		–	–	–	(188,052)	(188,052)	–	(188,052)
Capital return		(138,884)	–	–	–	(138,884)	–	(138,884)
Share-based payments	*5.5(a)*	–	9,927	–	–	9,927	–	9,927
Transfer on exercise of share-based payments		6,188	(3,474)	–	(2,714)	–	–	–
Transfer on lapse of share-based payments	–	–	(332)	–	332	–	–	–
Purchase of shares through employee share plan	*5.4(a)*	(10,787)	–	–	–	(10,787)	–	(10,787)
Closing balance at 30 June 2018		**2,993,458**	**13,948**	**1,022**	**481,388**	**3,489,816**	**–**	**3,489,816**

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 2018

	NOTE	2018 $'000	2017 $'000
Cash flows from operating activities			
Cash receipts from customers		2,274,205	1,737,063
Cash paid to suppliers and employees		(1,420,191)	(1,081,737)
Cash generated from operations		**854,014**	**655,326**
Interest paid		(24,132)	(49,087)
Interest received		1,596	1,405
Net cash from operating activities	*3.4*	**831,478**	**607,644**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		804	971
Purchase of property, plant and equipment		(143,258)	(89,462)
Exploration and evaluation expenditure		(9,589)	(5,161)
Acquisition of joint venture interest, net of cash acquired	*6.1*	(20,214)	–
Acquisition of Winchester South	*4.2*	(277,564)	–
Net cash used in investing activities		**(449,821)**	**(93,652)**
Cash flows from financing activities			
Purchase of shares		(10,787)	(8,380)
Proceeds from borrowings		415,000	18,687
Finance lease borrowings		64,888	–
Repayment of borrowings		(476,907)	(519,299)
Payment of finance facility upfront costs		(8,695)	(607)
Payment of finance lease borrowings		(13,581)	(18,708)
Payment of capital return to shareholders		(138,884)	–
Payment of dividends		(188,052)	–
Net cash used in financing activities		**(357,018)**	**(528,307)**
Net change in cash and cash equivalents		24,639	(14,315)
Cash and cash equivalents at 1 July		87,138	101,453
Cash and cash equivalents at 30 June		**111,777**	**87,138**

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 2018

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 2018 was authorised for issue in accordance with a resolution of the directors on 14 August 2018. 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 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 113
4.1	**Property, plant and equipment**	page 119
4.2	**Exploration and evaluation**	page 120
4.4	**Provisions**	page 122
6.3	**Group's subsidiaries and interests in joint operations**	page 137

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 2018 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 2018	**$'000**	**$'000**	**$'000**	**$'000**
Revenue				
Sales to external customers	1,582,505	507,199	167,742	2,257,446
Total segment revenue	1,582,505	507,199	167,742	2,257,446
Total revenue per consolidated statement of comprehensive income				**2,257,446**
Result				
Segment result	701,476	224,242	4,609	930,327
Depreciation and amortisation				(141,024)
Income tax expense				(234,836)
Net finance expense				(28,891)
Net profit after tax per consolidated statement of comprehensive income				**525,576**
Capital expenditure				
Segment expenditure	88,299	56,873	7,769	152,941

2. GROUP PERFORMANCE *(CONT.)*

2.1 SEGMENT REPORTING *(CONT.)*

YEAR ENDED 30 JUNE 2017	Open Cut operations $'000	Underground operations $'000	Unallocated operations $'000	Total $'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

REPORTABLE SEGMENTS 2018 ($'000)

- Open Cut Operations **$88,299**
- Underground Operations **$56,873**
- Unallocated Operations **$7,769**

TOTAL CAPITAL EXPENDITURE **$152,941**

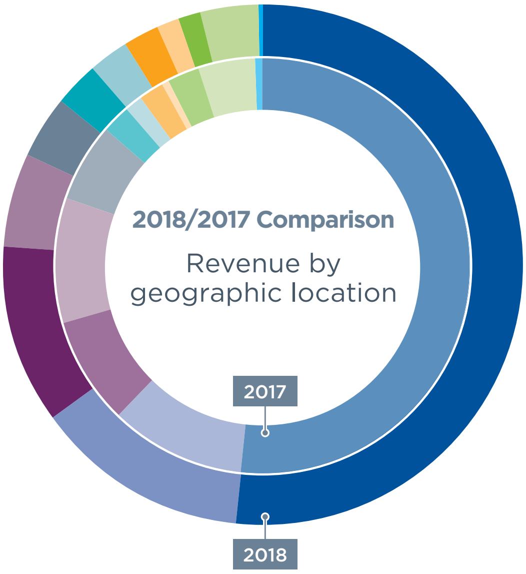
REPORTABLE SEGMENTS 2017 ($'000)

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

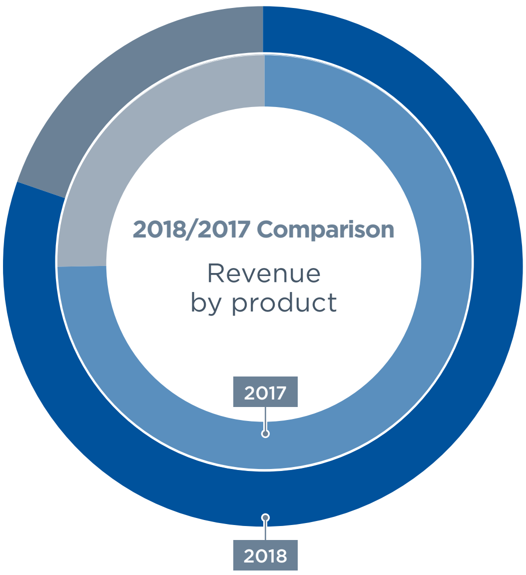
TOTAL CAPITAL EXPENDITURE **$91,814**

OTHER SEGMENT INFORMATION

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



	2018 $'000	2017 $'000
Revenue by geographic location		
Japan	1,168,965	921,048
Taiwan	302,279	185,686
Korea	252,039	148,010
India	128,540	171,474
China	87,184	108,952
Malaysia	63,352	39,972
Indonesia	60,410	24,382
Vietnam	47,323	31,427
Philippines	30,836	12,241
Chile	30,410	44,729
Other	80,810	79,578
Domestic	5,298	5,743
Total revenue	**2,257,446**	**1,773,242**



	2018 $'000	2017 $'000
Revenue by product		
Thermal	1,816,270	1,326,931
Metallurgical	441,176	446,311
Total revenue	**2,257,446**	**1,773,242**

2. GROUP PERFORMANCE *(CONT.)*

2.1 SEGMENT REPORTING *(CONT.)*

MAJOR CUSTOMERS

The Group has three major customers which account for 27.4% (2017: 30.5%) 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:

	2018	2017
	$'000	$'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

	2018	2017
	$'000	$'000
Current tax expense		
Current period	(204,368)	(148,029)
Deferred tax benefit		
Origination and reversal of temporary differences	(30,468)	1,298
Recognition of tax losses	–	76,672
Income tax expense reported in the consolidated statement of comprehensive income	**(234,836)**	**(70,059)**
Reconciliation between tax expense and profit before tax		
Profit before tax	760,412	475,426
Income tax expense using the Company's domestic tax rate of 30% (2017: 30%)	(228,124)	(142,628)
Non-deductible expenses:		
Share-based payments	(2,978)	(1,428)
Other non-deductible expenses	(3,734)	(2,675)
Recognition of tax losses	–	76,672
Total income tax expense	**(234,836)**	**(70,059)**

B. INCOME TAX RECOGNISED DIRECTLY IN OTHER COMPREHENSIVE INCOME

Deferred income tax related to items charged directly to equity		
Derivatives	112	(785)
Income tax expense recorded in equity	112	(785)

2. GROUP PERFORMANCE *(CONT.)*

2.3 TAXES *(CONT.)*

C. RECOGNISED TAX ASSETS AND LIABILITIES

	2018	2018	2017	2017
	Current income tax payable	Deferred income tax	Current income tax payable	Deferred income tax
	$'000	$'000	$'000	$'000
Opening balance	–	32,729	–	103,573
Charged to income – corporate tax	(204,368)	(30,468)	(148,029)	1,298
Charged to equity	–	112	–	(785)
(Utilisation) / recognition of deferred tax asset on current year losses	204,368	(204,368)	148,029	(148,029)
Recognition of tax losses	–	–	–	76,672
Closing balance	**–**	**(201,995)**	**–**	**32,729**

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

	Assets		Liabilities	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Property, plant and equipment	–	–	(343,115)	(319,062)
Exploration and evaluation	7,954	9,424	–	–
Receivables	–	–	(1,275)	(1,998)
Investments	358	358	–	–
Deferred stripping	–	–	(6,430)	(2,299)
Deferred foreign exchange gain	–	456	(833)	–
Provisions	37,093	32,153	–	–
Tax losses	100,361	305,320	–	–
Other items	3,892	8,377	–	–
Tax assets / (liabilities)	149,658	356,088	(351,653)	(323,359)
Set off of tax (liabilities) / assets	(149,658)	(323,359)	149,658	323,359
Net tax assets / (liabilities)	**–**	**32,729**	**(201,995)**	**–**

D. UNRECOGNISED DEFERRED TAX ASSETS

There were no unrecognised income tax losses at 30 June 2018 (2017: nil). During the prior year the Group recognised a deferred tax asset of $76.7m in respect of previously unrecognised income tax losses at which point there were no remaining unrecognised income tax losses for the Group.

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:

	2018	2017
Profit attributable to ordinary shareholders		
Net profit attributable to ordinary shareholders ($'000)	525,576	406,445
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July ('000)	992,026	992,026
Effect of shares acquired during the year ('000)	(3,667)	(5,959)
Weighted average number of ordinary shares at 30 June ('000)	**988,359**	**986,067**
Basic earnings per share attributable to ordinary shareholders (cents)	**53.2**	**41.2**

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:

	2018	2017
Profit attributable to ordinary shareholders (diluted)		
Net profit attributable to ordinary shareholders (diluted) ($'000)	525,576	406,445
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic) ('000)	988,359	986,067
Effect of share options / performance rights on issue ('000)	17,604	12,902
Weighted average number of ordinary shares (diluted) ('000)	**1,005,963**	**998,969**
Diluted earnings per share attributable to ordinary shareholders (cents)	**52.2**	**40.7**

3. WORKING CAPITAL AND CASH FLOWS

3.1 TRADE AND OTHER RECEIVABLES

	2018	2017
	$'000	$'000
Current		
Trade receivables	51,705	84,570
Other receivables and prepayments	32,397	18,674
Receivables due from joint operations	13,596	10,034
	97,698	**113,278**
Non-current		
Other receivables and prepayments	**11,732**	**10,853**

RECOGNITION AND MEASUREMENT:

Trade receivables, which generally have between five 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]	99,435	73,671
Consumables and stores	25,132	25,473
	124,567	**99,144**

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	47,295	64,902
Other payables and accruals	176,689	101,152
	223,984	**166,054**

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	2018 $'000	2017 $'000
Profit for the period		525,576	405,367
Adjustments for:			
Depreciation and amortisation		141,024	133,882
Amortisation of deferred development costs	*4.1*	37,835	55,389
Development costs deferred	*4.1*	(102,238)	(86,206)
Write-off of finance facility upfront costs		841	1,194
Amortisation of finance facility upfront costs		2,082	5,999
Non cash interest income / (expense) accruals		1,365	(6,718)
Foreign exchange losses / (gain) unrealised		(5,206)	4,571
Write-off of assets	*2.2*	–	54,963
Unwinding of discounts on provisions	*4.4*	2,182	1,882
Share-based compensation payments	*5.5(a)*	9,927	4,760
Gain on sale of non-current assets		(315)	(227)
Subtotal		**613,073**	**574,856**
Change in trade and other receivables		15,829	(46,617)
Change in inventories and deferred stripping		(32,004)	(28,224)
Change in trade and other payables		(5,873)	35,066
Change in provisions and employee benefits		5,538	2,504
Change in deferred taxes		234,915	70,059
Cash flows from operating activities		**831,478**	**607,644**

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 2018	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 2017	171,921	850,732	90,019	2,857,382	**3,970,054**	404,777	1,107,888	**1,512,665**	**5,482,719**
Additions	10,306	36,243	65,178	36,243	**147,970**	102,238	415,188	**517,426**	**665,396**
Transfers	(72,267)	–	–	72,267	**–**	–	–	**–**	**–**
PPE acquired as part of Tarrawonga acquistion	–	2,115	–	28,609	**30,724**	–	149,014	**149,014**	**179,738**
Disposals / mined out panels	–	(12,089)	–	–	**(12,089)**	(210,909)	–	**(210,909)**	**(222,998)**
BALANCE AT 30 JUNE 2018	109,960	877,001	155,197	2,994,501	**4,136,659**	296,106	1,672,090	**1,968,196**	**6,104,855**
Accumulated depreciation									
Balance at 1 July 2017	–	(289,315)	(44,837)	(327,728)	**(661,880)**	(278,146)	(1,100,226)	**(1,378,372)**	**(2,040,252)**
Depreciation charge for the year	–	(43,048)	(9,735)	(87,514)	**(140,297)**	(37,835)	(401,417)	**(439,252)**	**(579,549)**
Disposals / mined out panels	–	11,580	–	–	**11,580**	210,909	–	**210,909**	**222,489**
PPE acquired as part of Tarrawonga acquisition	–	(1,705)	–	(5,934)	**(7,639)**	–	(149,014)	**(149,014)**	**(156,653)**
BALANCE AT 30 JUNE 2018	–	(322,488)	(54,572)	(421,176)	**(798,236)**	(105,072)	(1,650,657)	**(1,755,729)**	**(2,553,965)**
Carrying amount at 30 June 2018	**109,960**	**554,513**	**100,625**	**2,573,325**	**3,338,423**	**191,034**	**21,433**	**212,467**	**3,550,890**

4. RESOURCE ASSETS AND LIABILITIES *(CONT.)*

4.1 PROPERTY, PLANT AND EQUIPMENT *(CONT.)*

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**

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

Mining 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.

Biodiversity assets are included within mining property and development and relate to land acquired and managed to fulfil the biodiversity obligations associated with mine approval. The cost of the land is capitalised as a mining, property and development asset which is subsequently depreciated via the units of production method.

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 Group assesses at the end of each period, whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

The recoverable amounts of cash-generating units and individual assets are 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.

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 2017	156,781
Exploration and evaluation expenditure	9,589
Acquisition of Winchester South	342,182
Balance at 30 June 2018	**508,552**
Balance at 1 July 2016	206,583
Exploration and evaluation expenditure	5,161
Impairment	(54,963)
Balance at 30 June 2017	**156,781**

During the year ended 30 June 2018, the Group acquired a 100% interest in the Winchester South coking coal project for total consideration of US$262.5 million (US$212.5 million paid on completion with US$50 million payable 12 months post completion).

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.

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.

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

	Water access rights	Rail access rights[1]	Total
	$'000	$'000	$'000
Balance at 1 July 2017	11,082	11,118	22,200
Transfer from property, plant & equipment	–	–	–
Reimbursement of costs	–	–	–
Less: Amortisation charge	–	–	–
Balance at 30 June 2018	**11,082**	**11,118**	**22,200**
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**

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.

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 access agreement.

4.4 PROVISIONS

	Mine rehabilitation and closure	Total
	$'000	$'000
Balance at 1 July 2017	89,762	89,762
Provisions made during the period	7,627	7,627
Provisions used during the period	–	–
Acquisition of business	8,766	8,766
Unwind of discount	2,182	2,182
Balance at 30 June 2018	**108,337**	**108,337**

	2018	2017
	$'000	$'000
Current	6,136	5,188
Non-current	102,201	84,574
Balance at 30 June	**108,337**	**89,762**

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 cash flows.

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

	2018	2017
	$'000	$'000
Current liabilities		
Finance lease liabilities	29,359	17,682
Secured loans	11,908	11,908
Capitalised borrowing costs	(6,130)	(6,030)
	35,137	**23,560**
Non-current liabilities		
Senior bank facility	275,000	325,000
Finance lease liabilities	56,982	17,353
Secured loans	28,353	40,261
Capitalised borrowing costs	(13,252)	(7,899)
	347,083	**374,715**
	382,220	**398,275**
Financing facilities	1,126,602	1,187,204
Facilities utilised at reporting date	401,602	412,204
Facilities not utilised at reporting date	725,000	775,000

FINANCING ACTIVITIES DURING THE FINANCIAL YEAR

During the current year the Group refinanced its senior bank facility 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 $1.0 billion drawable line for credit is for general corporate purposes and has a maturity of July 2021.

During the current year $465 million of debt drawn under the senior bank facility was repaid (30 June 2017: $510 million) and $415 million was redrawn (30 June 2017: nil). The group repaid $11.9 million of the ECA facility during the year (30 June 2017: $9.3 million). The senior bank facility and the ECA facility are secured via a fixed and floating charge over majority of the Group's assets.

$64.9 million of finance leases was drawn down during the year (30 June 2017: nil). Finance lease liabilities are secured over the leased assets to which they relate.

The fair values of interest bearing liabilities materially approximate their respective carrying values as at 30 June 2018 and 30 June 2017.

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

	2018	2017
	$'000	$'000
Recognised in the statement of comprehensive income		
Interest income	1,600	1,409
Financial income	**1,600**	**1,409**
Interest expense on finance lease liabilities	(1,943)	(3,202)
Interest on drawn debt facility	(6,696)	(26,254)
Other financing costs	(14,699)	(14,025)
Interest and financing costs	(23,338)	(43,481)
Net interest expense	(21,738)	(42,072)
Unwinding of discounts on provisions	(2,182)	(1,882)
Amortisation of finance facility upfront costs	(4,971)	(5,999)
Other financial expenses	(7,153)	(7,881)
Net financial expense	**(28,891)**	**(49,953)**
Recognised directly in equity		
Net change in cash flow hedges	(372)	2,618
Income tax effect	112	(785)
Financial income recognised directly in other comprehensive, net of tax	**(260)**	**1,833**

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 & 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.

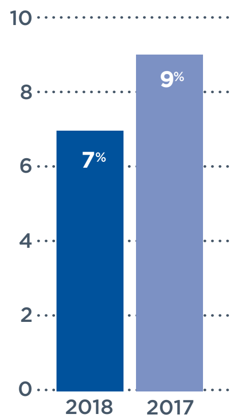
B. CAPITAL MANAGEMENT

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.

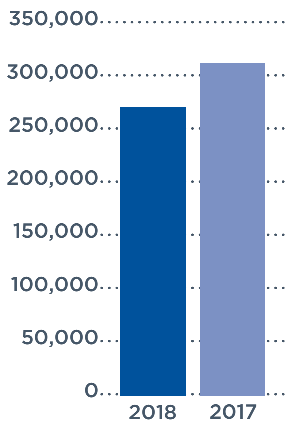
There were no changes in the Group's approach to capital management during the year.

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)

	2018 $'000	2017 $'000
Interest-bearing loans and borrowings	382,220	398,275
Less: cash and cash equivalents	(111,777)	(87,138)
Net debt	**270,443**	**311,137**
Equity	3,489,816	3,292,296
Equity and net debt	**3,760,259**	**3,603,433**
Gearing ratio	7%	9%

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 2018, a net foreign exchange gain of $4.1m was recognised (2017: net foreign exchange loss of $3.6m).

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 2018 was $1.7m (2017: $2.4m), comprising assets and liabilities that were recognised as derivatives.

At 30 June 2018, the Group had the following financial instruments that were not designated in cash flow hedges that were exposed to foreign currency risk:

	2018 $'000 USD	2017 $'000 USD
Cash and cash equivalents	23,254	13,073
Trade and other receivables	20,189	38,100
Trade and other payables	(10,010)	(9,506)
Net statement of financial position exposure	33,433	41,667

The following exchange rates applied during the year:

	Average rate		Reporting date spot rate	
FIXED RATE INSTRUMENTS	2018	2017	2018	2017
USD	0.7753	0.7545	0.7391	0.7662

5. CAPITAL STRUCTURE AND FINANCING *(CONT.)*

5.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONT.)*

C. RISK EXPOSURES AND RESPONSES *(CONT.)*

Market Risk – Foreign currency risk (CONT.)

Sensitivity analysis

A change in 10% 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 was performed on the same basis for 2017.

	Equity	Profit or (loss)
	$'000	$'000
30 JUNE 2018		
AUD:USD strengthening by 10%	(1,940)	(4,112)
AUD:USD weakening by 10%	2,368	5,026
30 JUNE 2017		
AUD:USD strengthening by 10%	7,559	(4,944)
AUD:USD weakening by 10%	(9,238)	6,042

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	
	2018	2017
FIXED RATE INSTRUMENTS	$'000	$'000
Finance lease liabilities	(86,341)	(35,035)
	(86,341)	**(35,035)**
VARIABLE RATE INSTRUMENTS		
Financial assets	111,777	87,138
Financial liabilities	(315,261)	(377,169)
	(203,484)	**(290,031)**
Net exposure	(289,825)	(325,066)

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 2017.

	Equity	Profit or (loss)
	$'000	$'000
30 JUNE 2018		
100bp increase	122	(2,035)
100bp decrease	(125)	2,035
30 JUNE 2017		
100bp increase	302	(2,900)
100bp decrease	(311)	2,900

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	
		2018	2017
	NOTE	$'000	$'000
Cash and cash equivalents		111,777	87,138
Trade and other receivables	*3.1*	51,705	84,570
Derivative financial instruments	*5.3(d)*	2,595	2,413
Investments		37	37
		166,114	**174,158**

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Asia	45,169	74,041
Europe	5,398	8,925
Australia	1,138	1,604
	51,705	**84,570**

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 27.4% of the Group's revenue is attributable to sales transactions with three customers (2017: 30.5% 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 2018 (2017: $nil).

The aging of the Group's trade receivables at the reporting date was:

	2018	2017
GROSS	$'000	$'000
Not past due	44,334	83,900
Past due 0–30 days	4,105	526
Past due 31–120 days	3,266	144
Past due 121 days to one year	–	–
More than one year	–	–
	51,705	**84,570**

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 $60.2 million of secured bilateral bank guarantee facilities. Details of outstanding guarantees are provided in note 7.4.

5. CAPITAL STRUCTURE AND FINANCING *(CONT.)*

5.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONT.)*

C. RISK EXPOSURES AND RESPONSES *(CONT.)*

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 2018						
	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	86,341	96,138	26,107	6,769	13,537	49,725	–
Senior bank facility	275,000	275,000	–	–	–	275,000	–
Secured loans	40,261	44,282	6,788	6,645	12,885	11,227	6,737
Trade and other payables	223,984	223,984	223,984	–	–	–	–
Forward exchange contracts:							
Outflow	(16,138)	112,086	44,564	67,522	–	–	–
Inflow	14,429	(108,289)	(43,671)	(64,618)	–	–	–
	623,877	**643,201**	**257,772**	**16,318**	**26,422**	**335,952**	**6,737**

	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	–	–
Senior bank facility	325,000	325,000	–	–	–	325,000	–
Secured loans	52,169	58,265	7,063	6,920	13,433	20,810	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**

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 2018	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets measured at fair value				
Equity shares	37	–	–	37
Forward exchange contracts – receivable	2,595	–	2,595	–
	2,632	**–**	**2,595**	**37**
Liabilities measured at fair value				
Forward exchange contracts – payable	(888)	–	(888)	–
Interest rate swaps – payable	(248)	–	(248)	–
	(1,136)	**–**	**(1,136)**	**–**

	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)**	**–**

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

		2018		2017	
		Loans and receivables[1]	Other[2]	Loans and receivables[1]	Other[2]
	NOTE	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents		111,777	–	87,138	–
Trade and other receivables	*3.1*	109,430	–	124,131	–
Investments		–	37	–	37
Other financial assets[2]	*5.3(d)*	–	2,595	–	2,413
Total financial assets		**221,207**	**2,632**	**211,269**	**2,450**

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 $2.6 million (2017: $2.4 million) relating to derivatives in designated hedges.

		2018		2017	
		Loans at amortised cost[1]	Other[2]	Loans at amortised cost[1]	Other[2]
	NOTE	$'000	$'000	$'000	$'000
Financial liabilities					
Trade and other payables	*3.3*	223,984	–	166,054	–
Borrowings	*5.1*	382,220	–	398,275	–
Other financial liabilities[2]	*5.3(d)*	–	1,136	–	582
Total financial liabilities		**606,204**	**1,136**	**564,329**	**582**

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 $1.1 million (2017: $0.6 million) relating to derivatives in designated hedges.

F. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 July 2017	Cash flows	New leases	Other	30 June 2018
	$'000	$'000	$'000	$'000	$'000
Current interest-bearing liabilities	11,908	(11,908)		11,908	11,908
Current finance lease liabilities	17,682	(13,581)	10,693	14,565	29,359
Non-current interest-bearing liabilities	365,261	(50,000)		(11,908)	303,353
Non-current finance leases liabilities	17,353	–	54,194	(14,565)	56,982
Total liabilities from financing activities	**412,204**	**(75,489)**	**64,887**	**–**	**401,602**

The 'Other' column indicates the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance leases to current due to the passage of time, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

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

	2018		2017	
	NO. OF SHARES	$'000	NO. OF SHARES	$'000
Fully paid ordinary share capital	1,026,045,885	2,993,458	1,026,045,885	3,136,941
Ordinary share capital at the beginning of the period	1,026,045,885	3,136,941	1,026,045,885	3,144,944
Transfer of shares by share plan	–	6,188	–	377
Shares purchased by share plan	–	(10,787)	–	(8,380)
Capital return	–	(138,884)	–	–
Ordinary share capital at the end of the period	**1,026,045,885**	**2,993,458**	**1,026,045,885**	**3,136,941**

At 30 June 2018, a trust on behalf of the Company held 3,916,379 (30 June 2017: 5,669,939) 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 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.

5. CAPITAL STRUCTURE AND FINANCING *(CONT.)*

5.4 SHARE CAPITAL AND RESERVES *(CONT.)*

C. DIVIDENDS

Dividends of $188,052,000 (2017: nil) and a capital return of $138,884,000 (2017: nil) were paid during the year ended 30 June 2018.

On the 14 August 2018 the Directors declared an unfranked dividend of 27 cents per share totalling $268 million to be paid on 13 September 2018 and be comprised of a final dividend of 14 cents and a special dividend of 13 cents. The financial effect of this dividend has not been brought to account in the financial statements for this period.

DIVIDEND FRANKING ACCOUNT

As at 30 June 2018 there were no franking credits available to shareholders of Whitehaven Coal Limited for subsequent financial years (2017: nil).

5.5 SHARE-BASED PAYMENTS

A. RECOGNISED SHARE-BASED PAYMENT EXPENSES

	2018	2017
EMPLOYEE EXPENSES	$'000	$'000
Share options and performance rights – senior employees	9,927	4,760

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 FY2017 and FY2018. The terms and conditions of the grant are as follows.

	FY2018		FY2017	
PERFORMANCE RIGHTS	NUMBER OF INSTRUMENTS	VESTING AND EXPIRATION DATE	NUMBER OF INSTRUMENTS	VESTING AND EXPIRATION DATE
MTI	742,121	30 June 2020	1,460,547	30 June 2019
LTI tranche 1	371,147	30 June 2020	836,056	30 June 2019
LTI tranche 2	371,139	30 June 2021	836,045	30 June 2020
LTI tranche 3	742,275	30 June 2020/21[1]	1,672,090	30 June 2019/20[1]
Total	**2,226,682**		**4,804,738**	

	FY2018		FY2017	
OPTIONS	NUMBER OF INSTRUMENTS	VESTING AND EXPIRATION DATE	NUMBER OF INSTRUMENTS	VESTING AND EXPIRATION DATE
LTI tranche 1	587,009	30 June 2020	1,360,181	30 June 2019
LTI tranche 2	587,006	30 June 2021	1,360,175	30 June 2020
LTI tranche 3	1,174,013	30 June 2020/21[1]	2,720,351	30 June 2019/20[1]
Total	**2,348,028**		**5,440,707**	

1 To the extent that the Costs Target Hurdle is satisfied at the end of FY2021, 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.

There were no MTI awards that were subject to testing in FY2018.

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	Number of options/rights	Weighted average exercise price	Number of options/rights
	2018	2018	2017	2017
Outstanding at beginning of period	$0.30	22,067,094	$1.76	22,146,025
Exercised during the period	$0.00	(4,542,478)	$0.00	(977,608)
Granted during the period	$1.10	6,086,682[1]	$0.58	11,288,016[2]
Forfeited during the period	$0.00	(132,440)	$0.00	(440,550)
Lapsed during the period	$0.00	(526,223)	$3.92	(9,948,789)
Outstanding at 30 June	$0.58	22,952,635	$0.30	22,067,094
Exercisable at 30 June	$0.00	328,083	$0.00	466,804

1 Includes 1,011,972 performance rights granted during the year under the FY2017 STI scheme.

2 Includes 1,042,571 performance rights granted during the year under the FY2016 STI scheme.

The outstanding balance as at 30 June 2018 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 2021

ii. 2,348,028 options over ordinary shares having an exercise price of $2.85, exercisable between 30 June 2020 and 27 October 2022

iii. 1,748,118 performance rights over ordinary shares having an exercise price of nil, exercisable on 14 August 2018

iv. 4,578,052 performance rights over ordinary shares having an exercise price of nil, exercisable between 14 August 2018 and 13 August 2025

v. 5,099,076 performance rights over ordinary shares having an exercise price of nil, exercisable between 14 August 2018 and 31 August 2026

vi. 3,738,654 performance rights over ordinary shares having an exercise price of nil, exercisable between 14 August 2018 and 27 October 2027.

No share options were exercised during the year ended 30 June 2018 (2017: nil).

The weighted average remaining contractual life of share options and performance rights outstanding at 30 June 2018 is 4.6 years (2017: 3.7 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 2018 and 30 June 2017:

	Rights						Options			
FY2018	**MTI**	**MTI**	**LTI**	**LTI**	**LTI**	**LTI**	**LTI**	**LTI**	**LTI**	**LTI**
Performance hurdle	TSR	Cost	TSR	TSR	Cost	Cost	TSR	TSR	Cost	Cost
Grant date	27 Oct 17	27 Oct 17	27 Oct 17	27 Oct 17	27 Oct 17	27 Oct 17	27 Oct 17	27 Oct 17	27 Oct 17	27 Oct 17
Vesting date	30 Jun 20	30 Jun 20	30 Jun 20	30 Jun 21	30 Jun 20	30 Jun 21	30 Jun 20	30 Jun 21	30 Jun 20	30 Jun 21
Fair value at grant date	$2.43	$3.65	$2.43	$2.50	$3.65	$3.65	$0.61	$0.61	$0.72	$0.69
Share price	$3.65	$3.65	$3.65	$3.65	$3.65	$3.65	$3.65	$3.65	$3.65	$3.65
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$2.85	$2.85	$2.85	$2.85
Expected volatility	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Performance Right life	10 years	10 years	10 years	10 years	10 years	10 years	4 years	5 years	4 years	5 years
Expected dividends	8.34%	8.34%	8.34%	8.34%	8.34%	8.34%	8.34%	8.34%	8.34%	8.34%
Risk-free interest rate	2.0%	2.0%	2.0%	2.1%	2.0%	2.1%	2.0%	2.1%	2.0%	2.1%

	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%

All shared-based payments are equity settled.

6. GROUP STRUCTURE

6.1 ACQUISITION OF BUSINESS

ACQUISITIONS IN THE YEAR ENDED 30 JUNE 2018

On 30 April 2018, the Group acquired 30% interest in the Tarrawonga Coal Project Joint Venture from Idemitsu, of which the Group already owns 70%. Details of the purchase consideration, the net assets acquired and the impact of the acquisition on the Group are as follows:

A. PURCHASE CONSIDERATION:	$'000
Cash consideration	21,512
Total consideration	**21,512**
Less: cash acquired as part of the acquisition	(1,298)
Net cash flow on acquisition	**20,214**

B. ASSETS ACQUIRED AND LIABILITIES ASSUMED:

The fair values of the identifiable assets and liabilities of the 30% share in the Tarrawonga Coal Project Joint Venture at the date of acquisition were as follows:

	Fair value recognised on acquisition $'000
Assets	
Cash and cash equivalents	1,298
Trade and other receivables	3,147
Inventory	7,921
Property, plant and equipment	23,085
	35,451
Liabilities	
Trade and other payables	(5,173)
Provision for decommissioning costs	(8,766)
	(13,939)
Total identifiable net assets at fair value	**21,512**

C. IMPACT OF THE ACQUISITION ON THE RESULTS OF THE GROUP

From the date of acquisition, the 30% share in the Tarrawonga Coal Project Joint Venture contributed $12,831,000 of revenue and $4,808,000 to profit before tax of the Group as disclosed in the consolidated statement of comprehensive income for the year ended 30 June 2018.

6. GROUP STRUCTURE *(CONT.)*

6.2 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	
	2018	2017		2018	2017
PARENT ENTITY					
Whitehaven Coal Limited					
SUBSIDIARIES					
Whitehaven Coal Mining Limited[1]	100%	100%	Boardwalk Resources Limited[1]	100%	100%
Namoi Mining Pty Ltd[1]	100%	100%	Boardwalk Coal Management Pty Ltd[1]	100%	100%
Namoi Agriculture & Mining Pty Ltd	100%	100%	Boardwalk Coal Marketing Pty Ltd[1]	100%	100%
Betalpha Pty Ltd[1]	100%	100%	Boardwalk Sienna Pty Ltd[1]	100%	100%
Betalpha Unit Trust	100%	100%	Boardwalk Monto Pty Ltd[1]	100%	100%
Tarrawonga Coal Pty Ltd[1]	100%	100%	Boardwalk Dingo Pty Ltd[1]	100%	100%
Whitehaven Coal Holdings Pty Ltd[1]	100%	100%	Boardwalk Ferndale Pty Ltd[1]	100%	100%
Whitehaven Coal Infrastructure Pty Ltd[1]	100%	100%	Coalworks Limited[1]	100%	100%
Narrabri Coal Pty Ltd[1]	100%	100%	Yarrawa Coal Pty Ltd[1]	100%	100%
Narrabri Coal Operations Pty Ltd[1]	100%	100%	Loyal Coal Pty Ltd	92.5%	92.5%
Narrabri Coal Sales Pty Ltd[1]	100%	100%	Ferndale Coal Pty Ltd	92.5%	92.5%
Creek Resources Pty Ltd[1]	100%	100%	Coalworks (Oaklands North) Pty Ltd[1]	100%	100%
Werris Creek Coal Sales Pty Ltd[1]	100%	100%	CWK Nominees Pty Ltd[1]	100%	100%
Werris Creek Coal Pty Ltd[1]	100%	100%	Oaklands Land Pty Ltd[1]	100%	100%
WC Contract Hauling Pty Ltd[1]	100%	100%	Coalworks (Vickery South) Pty Ltd[1]	100%	100%
Whitehaven Blackjack Pty Ltd[1]	100%	100%	Coalworks Vickery South Operations Pty Ltd[1]	100%	100%
Whitehaven Project Pty Ltd[1]	100%	100%	Vickery South Marketing Pty Ltd[1]	100%	100%
Whitehaven Employee Share Plan Pty Ltd[1]	100%	100%	Vickery South Operations Pty Ltd[1]	100%	100%
Aston Resources Limited[1]	100%	100%	Vickery Pty Ltd[1]	100%	100%
Aston Coal 2 Pty Ltd[1]	100%	100%	Winchester South WS Pty Ltd	100%	–
Aston Coal 3 Pty Ltd[1]	100%	100%	Winchester South Coal Operations Pty Ltd	100%	–
Maules Creek Coal 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 6.5 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.

6.3 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	2018	2017
Tarrawonga Coal Project Joint Venture[1,2]		100%[1]	70%
Narrabri Coal Joint Venture[2]		70%	70%
Maules Creek Joint Venture[2]		75%	75%
Dingo Joint Venture[2]		70%	70%
Ferndale Joint Venture[2]		92.5%	92.5%
Boggabri-Maules Creek Rail Spur Joint Venture[2]		39%	39%
Tarrawonga Coal Sales Pty Ltd[1,3]	Australia	100%[1]	70%
Maules Creek Marketing Pty Ltd[3]	Australia	75%	75%
Boggabri-Maules Creek Rail Pty Ltd[3]	Australia	39%	39%

1 During the financial year ended 30 June 2018 the Group acquired Idemitsu's 30% interest in the Tarrawonga Coal project Joint Venture. Refer to note 6.1.

2 These entities have been classified as joint operations under AASB11 *Joint Arrangements*, as these joint arrangements are not structured through separate vehicles.

3 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.

6.4 PARENT ENTITY INFORMATION

	Company	
	2018	2017[1]
INFORMATION RELATING TO WHITEHAVEN COAL LIMITED:	$'000	$'000
Current assets	359,623	86,510
Total assets	**3,484,062**	**3,416,036**
Current liabilities	–	–
Total liabilities	**–**	**–**
Issued capital	3,136,412	3,275,296
Retained earnings	333,702	132,913
Share-based payments reserve	13,948	7,827
Total shareholders' equity	**3,484,062**	**3,416,036**
Profit of the parent entity	391,780	92,661
Total comprehensive income of the parent entity	391,780	92,661

1 The comparative period has been restated to reclassify intercompany receivables from 'Current liabilities' to 'Current assets' and to reclassify net deferred tax balances to 'Total assets'. Prior year comparatives have been adjusted to reflect the reversal of prior period impairments in subsidiaries not previously recognised during the year ended 30 June 2016.

6. GROUP STRUCTURE *(CONT.)*

6.5 DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations Instrument 2016/785 dated 28 September 2016, the wholly owned subsidiaries listed in Note 6.2 (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	
	2018	2017
STATEMENT OF COMPREHENSIVE INCOME	$'000	$'000
Profit before tax	760,412	471,271
Income tax expense	(234,836)	(68,811)
Profit after tax	**525,576**	**402,460**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net movement on cash flow hedges	(373)	2,618
Income tax effect	112	(785)
Other comprehensive income for the period, net of tax	**(261)**	**1,833**
Total comprehensive income for the period, net of tax	**525,315**	**404,293**
STATEMENT OF FINANCIAL POSITION		
Assets		
Cash and cash equivalents	111,653	87,014
Trade and other receivables	377,173	114,883
Inventories	124,567	99,144
Derivative financial instruments	2,595	2,413
Total current assets	**615,988**	**303,454**
Trade and other receivables	11,732	10,853
Investments	37	37
Property, plant and equipment	3,550,593	3,442,170
Exploration and evaluation	166,331	156,781
Intangible assets	22,200	22,200
Deferred tax assets	–	33,976
Total non-current assets	**3,750,893**	**3,666,017**
Total assets	**4,366,881**	**3,969,471**

STATEMENT OF FINANCIAL POSITION	Closed group 2018 $'000	Closed group 2017 $'000
Liabilities		
Trade and other payables	157,763	164,454
Interest-bearing loans and borrowings	35,137	23,560
Employee benefits	22,560	20,071
Provisions	6,136	5,188
Derivative financial instruments	1,136	582
Total current liabilities	**222,732**	**213,855**
Non-current liabilities		
Interest-bearing loans and borrowings	347,083	374,715
Deferred tax liabilities	201,995	–
Provisions	102,201	84,572
Total non-current liabilities	**651,279**	**459,287**
Total liabilities	**874,011**	**673,142**
Net assets	**3,492,870**	**3,296,329**
Issued capital	2,990,954	3,134,437
Share-based payments reserve	13,948	7,827
Hedge reserve	1,022	1,282
Retained earnings	486,946	152,783
Equity	**3,492,870**	**3,296,329**

6.6 RELATED PARTIES

COMPENSATION TO EXECUTIVE KMP AND NON-EXECUTIVE DIRECTORS OF THE GROUP	2018 $'000	2017 $'000
Short-term employee benefits	7,479	8,974
Contributions to superannuation plans	233	273
Share-based compensation payments	7,767	2,681
Total compensation	**15,479**	**11,928**

7. OTHER NOTES

7.1 EMPLOYEE BENEFITS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2018 $'000	2017 $'000
Wages and salaries	153,966	143,325
Contributions to superannuation plans	10,019	9,272
Other associated personnel expenses	6,251	4,530
Increase in liability for annual leave	1,713	2,382
Increase / (decrease) in liability for long-service leave	162	(115)
Share-based compensation payments[1]	9,927	4,760
	182,038	**164,154**

7. OTHER NOTES *(CONT.)*

7.1 EMPLOYEE BENEFITS *(CONT.)*

	2018	2017
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	$	$
Salaries and wages accrued	7,007	6,393
Liability for long-service leave	431	269
Liability for annual leave	15,122	13,409
	22,560	**20,071**

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 12 months are discounted using the rates attached to the high quality corporate bonds at the reporting date, which most closely match the maturwity 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.

7.2 AUDITOR'S REMUNERATION

	2018	2017
Auditors of the Company – Ernst & Young	$	$
Assurance services:		
Audit and review of statutory financial statements current year	551,000	522,000
Audit of joint operations	314,000	298,000
	865,000	**820,000**
Other assurance services:		
Non-statutory assurance services	98,954	–
Review of National Greenhouse Energy Reporting Act requirements	58,568	56,451
	157,522	**56,451**
Total assurance services	**1,022,522**	**876,451**
Non-audit services:		
Auditors of the Company – Ernst & Young		
Taxation services	63,978	20,000
Due diligence services	836,881	–
Other non-audit services	71,226	66,100
	972,085	**86,100**

7.3 COMMITMENTS

A. CAPITAL EXPENDITURE COMMITMENTS

	2018	2017
	$'000	$'000
Plant and equipment and intangibles		
Contracted for but not provided for and payable:		
Within one year[1]	**13,081**	**13,151**

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 $58,611,000 (2017: $48,575,000).

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2018 are as follows:

	2018	2017
	$'000	$'000
Less than one year	75,665	55,306
Between one and five years	121,315	130,712
More than five years	49,012	–
	245,992	**186,018**

C. FINANCE LEASE COMMITMENTS

Finance leases relate to property, plant and equipment with lease terms of between one to five years. At 30 June 2018, the Group's finance lease liabilities are secured by the leased assets of $100,625,000 (2017: $45,182,000), as in the event of a default, ownership of the leased assets reverts to the lessor.

	2018	2017
	$'000	$'000
Within one year	32,888	19,625
Between one and five years	63,262	17,636
Minimum lease payments	**96,150**	**37,261**
Future finance charges	(9,809)	(2,226)
Total lease liabilities	**86,341**	**35,035**
Included in the financial statements in note 5.1 as:		
Current borrowings	29,359	17,682
Non-current borrowings	56,982	17,353
	86,341	**35,035**

7.4 CONTINGENCIES

A. BANK GUARANTEES

The Group provided bank guarantees to	2018	2017
	$'000	$'000
i. Government departments as a condition of continuation of mining and exploration licenses	153,297	118,907
ii. Rail capacity providers	30,503	30,503
iii. Port capacity providers	104,240	97,163
iv. Electricity network access supplier	24,522	25,511
vi. Other	2,629	3,195
	315,191	**275,279**

B. 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.

C. BIODIVERSITY OBLIGATIONS

Under the terms of its mining licenses, the Group is required to comply with certain biodiversity obligations. There are various options available to the Group to perform or settle its obligations. The Group will continue to assess estimates of these obligations as further developments occur, however based on current estimates these obligations are not financially significant to the Group.

7. OTHER NOTES *(CONT.)*

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 Directors have proposed a 27 cent per share unfranked dividend to be paid on 13 September 2018 and be comprised of a final dividend of 14 cents and a special dividend of 13 cents.

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 2017.

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, which are applicable to the Group, are outlined below:

AASB 9 FINANCIAL INSTRUMENTS

A finalised version of AASB 9 has been issued 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 determined that the impact of the new standard on the Group's financial report will be immaterial. This standard applies to annual reporting periods beginning on or after 1 January 2018 and will be applicable for the Group for the annual reporting period beginning 1 July 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. New disclosures about revenue are also introduced. The Group has undertaken a comprehensive analysis of the impact of the new standard in order to determine how the contractual terms of the Group's principle revenue streams should be treated under AASB 15. As the majority of the Group's revenue is derived from the sale of coal in which the transfer of risks and rewards, under current accounting, occurs at the same time as the transfer of control under AASB 15, it is expected that there will be no material changes 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 and will be applicable for the Group for the annual reporting period beginning 1 July 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 also contains new disclosure requirements for lessees. This standard applies to annual reporting periods beginning on or after 1 January 2019 however the Group intends to early adopt this Standard and apply for the annual reporting period beginning 1 July 2018 using the full retrospective method. The Group has undertaken a comprehensive analysis of all current contracts within the Group and determined their eligibility to be classified as a lease under AASB 16. It is expected that upon adoption of AASB 16, the impact of the new standard on the Group's financial statements will be an increase in lease liabilities of approximately $200 million and a corresponding increase in property, plant and equipment for the right of use asset of approximately $190 million being recognised on the statement of financial position (pre-tax at 1 July 2018). This will be unwound and amortised to the statement of comprehensive income over the remaining term of the leases.

DIRECTORS' DECLARATION

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 2018 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 2018

e. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 6.5 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
14th August 2018

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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 2018, 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 2018 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.

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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
At 30 June 2018, the Group's consolidated statement of financial position included \$3,551m 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 an assessment of any potential indicators of impairment of the property, plant and equipment assets, including (but not limited to) assessing significant changes to the geological, economic or legal environment in which Whitehaven operates. In addition an assessment is performed to consider changes in the key valuation drivers including discount rate, coal prices, operating costs and foreign exchange rates, along with the 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 relative to total assets, and the significant judgments and assumptions involved in the assessment of indicators of impairment.	Our audit procedures included the following: • Determined whether the impairment indicator assessment that was made by the Directors met the requirements of Australian Accounting Standards. • 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 valuation drivers indicated potential impairment, by comparing them to historical results in addition to economic and industry forecasts. • 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.

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Mine rehabilitation and closure provisions

Why significant	How our audit addressed the key audit matter
At 30 June 2018, the consolidated statement of financial position included $108.3m 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 audit procedures included the following: ▸ Assessed the Group's controls and process relating to the 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 qualifications, competence and objectivity of the Group'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 the Group. ▸ Evaluated whether changes in the rehabilitation provision were either expensed or capitalised appropriately. ▸ Evaluated whether the judgments and estimates disclosures relating to mine closure and rehabilitation provisions met the requirements of Australian Accounting standards.

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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 2018 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, with the exception of the Remuneration Report and our related assurance opinion.

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 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.

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 16 to 39 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Whitehaven Coal Limited for the year ended 30 June 2018, 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

Ryan Fisk
Partner
Sydney
14 August 2018

ASX ADDITIONAL INFORMATION

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	14.23%	146,007,208	23 Nov 2017
Fritz Kundrun*	12.09%	124,042,252	17 Oct 2014
Hans Mende*	11.13%	114,190,086	17 Oct 2014
AMCI Group*	8.40%	86,170,596	17 Oct 2014

*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	2,026
1,001 – 5,000	2,303
5,001 – 10,000	663
10,001 – 100,000	690
100,001 and over	101
	5,783

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 363.

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
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	264,220,898	25.75
CITICORP NOMINEES PTY LTD	258,966,807	25.24
J P MORGAN NOMINEES AUSTRALIA LIMITED	170,817,622	16.65
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	145,356,896	14.17
NATIONAL NOMINEES LIMITED	30,224,526	2.95
AET SFS PTY LTD <BOARDWALK RES INV P/C>	26,678,979	2.60
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	11,403,561	1.11
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	8,117,146	0.79
BNP PARIBAS NOMS PTY LTD <DRP>	8,027,368	0.78
WHITEHAVEN EMPLOYEE SHARE PLAN PTY LIMITED <EQUITY INCENTIVE PLAN A/C>	5,416,379	0.53
VESADE PTY LTD	5,306,152	0.52
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	4,635,042	0.45
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED GSCO ECA	4,409,572	0.43
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL>	4,111,500	0.40
NATIONAL NOMINEES LIMITED <N A/C>	3,280,711	0.32
AMP LIFE LIMITED	2,828,191	0.28
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	2,743,509	0.27
BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	2,667,009	0.26
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,157,586	0.21
INVIA CUSTODIAN PTY LIMITED <R & G CHADWICK A/C>	2,025,000	0.20
	963,394,454	**93.89**

This information is current as at 10 August 2018.

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 Efficiency Low Emissions
JORC	Joint Ore Resources Committee
KMP	Key Management Personnel
KPI	Key Performance Indicator
kt	Thousand tonnes
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

FIONA ROBERTSON
Non-executive Director

RAYMOND ZAGE
Non-executive Director

COMPANY SECRETARY

TIMOTHY BURT

REGISTERED AND PRINCIPAL ADMINISTRATIVE OFFICE

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F +61 2 8222 1101

AUSTRALIAN BUSINESS NUMBER

ABN 68 124 425 396

STOCK EXCHANGE LISTING

AUSTRALIAN SECURITIES EXCHANGE LTD
ASX Code: WHC

AUDITOR

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COUNTRY OF INCORPORATION

Australia

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