WHITEHAVEN COAL

Annual Report 2020

Producers of **high-quality coal.**

This report includes forward looking statements relating to future events and expectations.

While these statements reflect expectations at the date of this publication they are by their nature not certain and are subject to known and unknown risks.

Whitehaven makes no representation, assurance or guidance as to the accuracy or likelihood of fulfilling any such forward looking statements (whether express or implied) and, except as required by applicable regulations or law, Whitehaven does not undertake to publically update such forward looking statements.

Contents

FY20 in review

Financial highlights

- Net profit after tax before significant items of $30.0 million, a decrease of 95% on FY19
- Underlying earnings before interest, depreciation and amortisation (EBITDA) of $306.0 million, a decrease of 71%
- Operating cash flows of $146.4 million, a decrease of 84%
- FY20 earnings reflect the softening of gC Newcastle thermal prices and the impact on run of mine (ROM) production of previously reported labour shortages and dust events at our largest mine, Maules Creek, and the scheduled eight week Narrabri mine longwall move
- Net debt of $787.5 million at 30 June 2020
- Dividends of $312.2 million were paid during the period
- Refinanced our A$1.0 billion secured bank debt facility, now maturing in July 2023
- $468.8 million of available liquidity.

Results summary	FY20	FY19	% change
Revenue ($m)	1,721.6	2,487.9	(31%)
Underlying EBITDA ($m)	306.0	1,041.7	(71%)
Net profit after tax before significant items ($m)	30.0	564.9	(95%)
Operating cash flows ($m)	146.4	916.4	(84%)
Dividends (cps)	1.5	50	(97%)
Unit cost per tonne ($/t)	75	67	12%

	30 June 2020	30 June 2019
Net debt ($m)	787.5	161.6
Gearing (%)	20%	4%

Operational highlights

Equity ROM coal production for FY20 was 16.5Mt, 4% below the previous corresponding period (pcp), reflecting the eight week Narrabri longwall change out, the challenging production conditions at Maules Creek due to labour shortages and disruption due to drought and bushfires, and the impact of unmapped historical underground workings at Werris Creek.

Equity coal sales, including purchased coal, were 16.6Mt, in line with the pcp.

Equity own metallurgical coal sales were 17% of total FY20 sales, below pcp of 21%.

Consolidated equity production and sales – continuing operations[1]

Whitehaven total (000's t)	FY20	FY19	% change
ROM coal production	16,539	17,172	(4%)
Saleable coal production	14,638	14,684	(0%)
Sales of produced coal	14,201	14,873	(5%)
Sales of purchased coal	2,376	1,615	47%
Total coal sales	16,577	16,487	1%
Coal stocks at period end	3,047	2,602	18%

1 Continuing operations do not include Sunnyside or Rocglen mines, which have transitioned into rehabilitation phase.

Introductions

Chairman's introduction

Dear Shareholder

FY20 was not a year anyone could have predicted. Even for our sector, which is accustomed to having to weather cyclical lows, it has proven to be a uniquely challenging time. COVID-19 has been remarkable in terms of its rapid onset and spread, and the significant disruption it has caused to global supply chains and entire economies.

At the start of the pandemic, many of our key customers in North Asia acted decisively to respond to the threat of the virus, as did Australia itself. Since that time, these nations have been able to demonstrate considerable resilience even while others faltered. This meant that through the second half of FY20 our coal remained well sold in many of our key markets – a fact that also gives us optimism for the time when we are better able to contain and control COVID-19 worldwide.

Notwithstanding the fact that demand held up relatively well, we could not evade the downturn in price that negatively affected all key energy commodities. I acknowledge that serious and real challenges persist in this area, but they are by no means insurmountable.

On behalf of the entire Board, I want to take this opportunity to commend Managing Director and CEO Paul Flynn and the entire Executive Leadership Team on their skill and dedication in managing a tough year and a testing confluence of events and circumstances.

The arrangements implemented by management to protect against COVID-19 were swift, comprehensive and effective. Other demanding and complex issues that arose during the year were also successfully overcome. From supporting our operations through the worst drought since Federation, to quickly addressing acute labour shortages, to managing the growing appetite for environmental, social and governance (ESG) strategy and performance data among our investment community – it was a commendable team effort.

At the same time, charting a path away from COVID-19 and towards better performance and greater prosperity means acknowledging those areas where we have not met the high standards our shareholders expect. Let me assure investors that every member of the Board is cognisant of the need to address these aspects, including in relation to improving our environmental compliance and delivering greater consistency of output from our larger mines.

The road out of the current economic downturn and our company's transformation to a more efficient, cost-effective producer will not always be easy. But there are good reasons to be confident, starting with the fact that we have toughed-out low points in the cycle before and delivered for patient shareholders in the periods that followed, and that will inevitably follow again.

We have also invested significantly in our leadership capability and structure.

The fundamentals of our business remain strong, and we have a positive role to play in the local and global economic recovery, and indeed in a more carbon-conscious world. It is worthwhile noting that in its World Energy Outlook 2019, the International Energy Agency estimated that more than US$1 trillion of capital invested in existing global coal-fired generation – most of which is located in Asia – is yet to be recovered. We expect our customer nations to capitalise on their installed and planned coal-fired power generation to underpin their economic recoveries when the threat of the pandemic is either eliminated or can be sustainably managed.

We continue to expand our business, geared towards increased production. Our key development projects, Vickery and Winchester South, will help us to further diversify our product mix, with a greater weighting towards metallurgical coal low in impurities. Our strong relationships with customers in India will put us in good stead to meet the forecast growth in demand for metallurgical coal in that market, in particular once Vickery and Winchester South are operational.

We continue to work with a range of stakeholders to share our views on the role high-quality coal will play as part of the continuing global energy transition, as well as a range of other ESG-related issues. In FY19, we reported against the voluntary recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, and have done so again this year.

Our business remains robust, with the right assets, people and strategy to continue to deliver value for our shareholders over the medium to long term. On behalf of the Board, I would like to thank shareholders for their ongoing support.

The Hon. Mark Vaile, AO
Chairman

Managing Director and CEO's introduction

Dear Shareholder

I am pleased to present Whitehaven Coal's *Annual Report 2020*.

As you know, it has been a tough year and our company has not been immune to the challenges brought about by COVID-19. While demand in our key overseas markets held up relatively well through the continuing pandemic, the abrupt decline in economic activity worldwide negatively affected pricing for our mix of thermal and metallurgical coal products. Indeed, the significant contraction in coal prices was the single biggest factor in reaching a disappointing underlying net profit after tax of $30 million for FY20, a decrease of 95% on the previous year.

Together with subdued demand, we also grappled with a number of production-related issues, from the planned longwall move at Narrabri to unplanned stoppages and labour shortages at Maules Creek. However, our ROM production of 20.6Mt fell within the guidance range, and, pleasingly, customer demand for our high-quality coal is as strong as it has ever been. With that, I want to thank the 2,500 members of our workforce who contributed to this result.

Amid these testing circumstances, it was especially pleasing to record some big wins, none more notable than delivering our best ever safety result. The Total Recordable Injury Frequency Rate of 4.13 was the lowest in our history and it continues the trend of improving safety performance over an expanding production base. We are in strong shape to commit ourselves fully to the task of Zero Harm for our people, workplaces and communities today and into the future.

Relatedly, our COVID-19 response demonstrated our adaptability and resilience in the face of new threats. Our crisis management, HSE, and production teams worked together seamlessly in a fast-moving environment to design and implement measures to keep our people and communities safe, as well as maintain continuity of production. Crucially, this meant our contributions to local communities, businesses and the economy could continue with minimal disruption, providing North West NSW with a strong sense of optimism.

We also continued work on our development assets during the year, with an approval for our Vickery Extension Project now in hand after a comprehensive technical evaluation and community consultation process. In addition, work progressed on various aspects of our Winchester South Project alongside our proposal to extend the life of the Narrabri Underground Mine to 2044.

While the cyclical lows we approached towards the end of FY20 may signal price improvements in the near future, significant uncertainty about the global economic recovery and associated changes in market conditions remains. Against this backdrop, we will be cautious about allocating further capital to our growth pipeline. This time will not be lost, as we will continue to challenge ourselves to reduce the build and operating costs of our important projects.

In the closing stages of FY20, we commenced our business improvement program, Project STRIVE, which is designed to achieve greater consistency of operational performance, improve productivity and lower costs. Implementing the core recommendations of this review will be a key priority for us through the first half of FY21 and will help ensure we are well-positioned to maximise earnings when coal markets begin to rebalance and recover.

Environmental compliance is another area where we must address some more recent shortcomings. While our year-on-year record of environmental compliance is good considering the growing scale of the business, FY20 outcomes fell significantly short of what we expect and what the community and other stakeholder groups deserve. Material improvement in this area is essential to maintaining our broader social licence to operate and to meeting the high standards required in the Australian resources sector.

In this context, FY20 also saw us round out changes to our management team that represent a significant investment in the leadership and governance structures required to drive change where it is needed. Individually and as a leadership group, I am confident we have the right mix of experience, skills and interpersonal qualities required to take the company to the next stage of its evolution.

Finally, a word on climate change. This year, we continued to review and address climate-related risks and opportunities, and prepare for the release of our second Sustainability Report. Once again, we will respond to the recommendations of the Task Force on Climate-related Financial Disclosures, after becoming the first pure-play coal company to do so in FY19. Having completed this and other work, we remain confident about the continuing demand for high-quality coal in a more carbon-conscious world, particularly in our key markets across Asia, and the major role it will play as part of the global economic recovery.

In closing, let me reiterate my thanks to all our people for navigating a difficult year and for their continued commitment to the task that now lies ahead. On behalf of the entire management team, I also extend thanks to our shareholders for their continued support, and I look forward to a strong FY21.

Paul Flynn
Managing Director and CEO

About us.

Whitehaven Coal is proud to be the leading Australian producer of premium-quality coal. We are the dominant player in Australia's only emerging high-quality coal basin.

We help power developed and emerging economies in Asia where there is strong and growing demand for our product, particularly for use in high-efficiency, low-emissions coal-fired power stations.

Our purpose as a company is to support and sustain regional communities by exporting high-quality thermal and metallurgical coal from Australia to the world. North West NSW is the focus of our capital investment and workforce presence.

We operate four mines (three open-cut and one large underground mine) in the Gunnedah Coal Basin of NSW. Our operating assets are complemented by two high-quality, near-term development assets, being Vickery, near Gunnedah, and Winchester South, in Queensland's Bowen Basin. Over our almost 20-year history, including 12 years as a publicly-listed entity on the Australian Securities Exchange, we have developed a growing reputation for excellence in project delivery, safe operation, and targeted investment in the local economy and community.

We are proudly local, and around 75% of our 2,500-strong workforce lives in the local communities around our mine sites. We believe in helping communities grow, ensuring benefits flowing from our operations are seen and felt locally.

Key:

- Projects
- Current operations
- Railway

Purpose, vision and principles

Purpose

To support and sustain regional communities by exporting high-quality thermal and metallurgical coal from Australia to the world.

Vision

To be the benchmark coal investment on the ASX.

Principles

The following principles guide our interactions internally and with external stakeholders.

Safety
The safety of our people, workplaces and the communities around us comes first. We are committed to Zero Harm.

Teamwork
We work collaboratively and support one another.

Respect
We foster a diverse and inclusive culture and deal with all stakeholders respectfully.

Integrity
We are honest and do the right thing.

Value
We create value for shareholders, customers and local communities.

Excellence
We deliver on our commitments.

How we create value

Business inputs

1. **Assets:** We are the dominant player in Australia's only emerging high-quality coal basin with a footprint in one of Australia's highest quality metallurgical coal basins. Our mine assets are complemented by a large fleet of heavy mining equipment in addition to mine support infrastructure and rolling stock.
2. **People:** To ensure we optimise our physical assets, we seek to attract, recruit and retain the technical, specialist and central office staff with the skills to support the needs of the business today and into the future.
3. **Financial:** We deploy our financial resources carefully to maintain our reputation as a reliable and cost-efficient producer focused on delivering value for all our shareholders over the long term. Our disciplined capital allocation approach keeps our balance sheet strong and provides flexibility through the cycle.

Governance and reporting framework

We seek to design and implement corporate governance and management arrangements to manage our exposure to political and regulatory risks and to observe best-practice management measures in relation to health, safety, stakeholder engagement and business integrity.

Our value proposition

We identify, develop and operate high-quality, cost-efficient, long-life coal assets and distribute the financial and non-financial returns to shareholders, employees, customers and the communities where we work and live.

Our community and social compact depicts the process whereby our capital investment is recycled through a value chain including employees, suppliers, customers and community members.

Our business focus

We seek to ensure continuous and sustainable value creation by applying our human and financial capital to the following key areas.

- **Customers:** We form long-term relationships with our customers to provide raw materials that support the efficient utilisation of industrial assets including coal-fired power plants and steel blast furnaces.
- **Infrastructure and logistics:** We have supply agreements with Australian businesses focused on the efficient movement of our product, contributing to shared sustainability goals through our value chain.
- **Community:** We work with local councils, business groups, the agricultural sector, charitable organisations and a range of local service providers to share the economic and social dividends of mining and maintain our social licence to operate.
- **Procurement:** We are firmly oriented towards working with regionally based suppliers in recognition of the contribution of local enterprise to long-term community prosperity and cohesion.
- **Environment:** We are responsible stewards of the natural environment, and maintain strong sustainability practices through each stage of the mining process, from development to operations, closure and rehabilitation.
- **Industry:** We are members of various industry associations and participate in policy forums on issues associated with ensuring Australia's resource endowment can better support sustainable development here and abroad.

Business outputs

Employees

We provide skills development pathways and stable regional employment in a safe and rewarding work environment.

Community

We support local communities through direct investment, job creation, partnerships with local suppliers and working with community groups.

Customers

We offer a reliable supply of high-quality coal to support economic and social development in the Asian region.

Investors

We aim to provide strong and consistent returns to shareholders and joint venture partners from our existing portfolio of mines with upside potential from key growth assets.

FY20 value created

Employees

- Approximately 75% of our 2,500-strong workforce based in regional areas
- $209.1 million in wages paid
- 9% of workforce identifies as Indigenous.

Community

- $365.4 million spent with local suppliers
- $3.15 million spent with local Indigenous businesses
- Supported the Narrabri Clontarf Academy and the Girls' Academy at Gunnedah.

Customers

- Exported 20.2Mt of high-quality thermal and metallurgical coal
- Supported emission improvement initiatives by supplying high-CV, low-impurity coal to help reduce absolute coal consumption in Taiwan, and meet Korean seasonal sulphur content limits.

Investors

- $14.9 million returned to shareholders through dividends
- Total shareholder return of 66% over the past four years
- $306 million in underlying EBITDA.

Our community and social compact

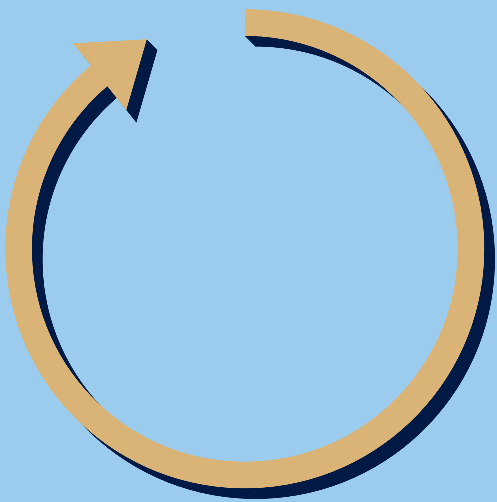
Identify, develop and operate high-quality, long-life, lower-cost coal projects

Promote local economic growth and sustainability through permanent job creation and local procurement

Help build local community capacity and viability through direct and indirect intergenerational investment in education, health, skills and infrastructure

Instill community trust through responsible environmental stewardship and community partnerships

Leave an economic and social legacy that outlives mining operations



Our strategy

Our vision is to be the benchmark coal investment on the ASX.

Our strategy is to own and operate large, lower-cost mines producing a mix of high-CV thermal coal and premium semi-soft coking coal, and to increase our share of the growing market for these products in our region.

Our framework to deliver on our strategy is focused on seven key areas.

Disciplined growth and capital management Towards a bigger, more productive Whitehaven	We have invested in high-quality, large-scale, long-life assets that allow the business to efficiently manage the cyclical nature of the commodities sector. We expect to grow our portfolio from a managed level of approximately 21Mt in 2020 to over 40Mt by 2030. As some of our smaller foundation mines reach the end of their lives, our business is oriented towards scaling-up larger existing operations and delivering on our key development assets, Vickery and Winchester South. Maintaining capital discipline and a focus on productivity gains over an expanding production base will continue to drive returns for shareholders.
Investing in our talent pipeline Attracting and retaining the right people	Our track record of growth and our strong development pipeline make us an attractive employer for committed and motivated people who value being a part of a community and achieving goals. As the largest private employer in North West NSW, we will continue to communicate the benefits of our regional location – and that of our development site in Queensland's Bowen Basin – to attract talent to support high performance and further expansion.
Latent capacity Unlocking future value	We are actively assessing and pursuing opportunities to access latent capacity in our mines through upgrades to mobile equipment as well as fixed infrastructure. These opportunities help us realise the full extent of the resources at our mines and enable us to do more with less.
Premium products for premium markets Leveraged to the quality end of the spectrum	The supply of high-energy, low-ash and low-sulphur coal globally is constrained but, at the same time, demand for coal with these attributes is increasing in a world seeking to minimise atmospheric carbon emissions. Our quality assets and strong customer relationships in the key export markets within our geographic region mean we are able to attract premium pricing for our products.
Diversification of product range Building a more resilient portfolio	Our business produces high-quality thermal coal and semi-soft coking coal (SSCC). With the purchase of Winchester South, we have set a path to increase our exposure to other metallurgical coal products. We can also optimise revenue by responding to prevailing pricing spreads between the thermal and SSCC markets.
Innovating Delivering the technology dividend	Productivity of the coal mining industry has improved over time as equipment has become bigger and more efficient. At Whitehaven we employ large equipment matched to the mining conditions at our operations, including ultraclass and autonomous fleets at Maules Creek.
Opportunistic M&A Keeping a vigilant eye on structural shifts in the market	We take time to critically assess the strengths and weaknesses of our business and market dynamics. Where acquisition opportunities present themselves, we review and act on them appropriately. We do this in a measured and disciplined manner with the objective of creating longer-term value for our shareholders.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Resources & Reserves.

Whitehaven Coal Limited – Coal Resources – August 2020

Tenement		Measured Resource (A)	Indicated Resource (B)	Measured + Indicated (A + B)	Inferred Resource (C)	Competent Person	Report Date
Maules Creek Opencut*	CL375 AUTH346 ML1701 ML1719	372	174	**546**	44	1	Mar-20
Narrabri North Underground**	ML1609	143	153	**296**	–	1	Mar-20
Narrabri South Underground**	EL6243	144	170	**314**	8	1	Mar-20
Tarrawonga Opencut	EL5967 ML1579 ML1685 ML1693	36	18	**54**	13	2	Mar-20
Tarrawonga Underground	EL5967 ML1579 ML1685 ML1693	10	15	**25**	14	2	Apr-14
Werris Creek Opencut	ML1563 ML1672	9	1	**10**	–	1	Mar-20
Rocglen Opencut	ML1620	2	3	**6**	0	2	Mar-19
Rocglen Underground	ML1620	–	3	**3**	1	2	Mar-15
Vickery Opencut	CL316 EL4699 EL5831 EL7407 EL8224 ML1464 ML1471 ML1718	230	165	**395**	110	2	Jul-15
Vickery Underground		–	95	**95**	135	2	Jul-15
Winchester South	MDL 183	130	300	**430**	100	3	Oct-18
Gunnedah Opencut	ML1624 EL5183 CCL701	7	47	**54**	89	2	Jun-14
Gunnedah Underground	ML1624 EL5183 CCL701	2	138	**140**	24	2	Jun-14
Bonshaw Opencut	EL6450 EL6587	–	4	**4**	7	2	Jun-14
Ferndale Opencut	EL7430	103	135	**238**	134	4	Jan-13
Ferndale Underground	EL7430	–	–	**–**	73	4	Jan-13
Oaklands North Opencut	EL6861	110	260	**370**	580	2	Jun-14
Pearl Creek Opencut***	EPC862	–	14	**14**	38	5	Nov-12
Total Coal Resources		**1298**	**1695**	**2994**	**1370**		

1. Mark Benson, 2. Benjamin Thompson, 3. Troy Turner, 4. Greg Jones, 5. Phill Sides.

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

** Narrabri Joint Venture – Whitehaven owns 77.5% 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.

Whitehaven Coal Limited – Coal Reserves – August 2020

		Recoverable Reserves			Marketable Reserves			Competent Person	Report
Tenement		**Proved**	**Probable**	**Total**	**Proved**	**Probable**	**Total**		**Date**
Maules Creek Opencut*	CL375 AUTH346	330	120	**450**	300	100	**400**	1	Mar-20
Narrabri North Underground**	ML1609	97	5	**102**	93	4	**98**	2	Mar-20
Narrabri South Underground**	EL6243	–	121	**121**	–	114	**114**	2	Mar-20
Tarrawonga Opencut	EL5967 ML1579 ML1685 ML1693	24	10	**35**	20	8	**28**	1	Mar-20
Werris Creek Opencut	ML1563 ML1672	7.1	0.4	**7.5**	7.1	0.4	**7.5**	1	Mar-20
Rocglen Opencut	ML1620	–	–	**–**	–	–	**–**	1	Note
Vickery Opencut	CL316 EL4699 EL7407	–	200	**200**	–	178	**178**	1	Mar-15
Total Coal Reserves		**458**	**456**	**916**	**421**	**405**	**826**		

1. Doug Sillar, 2. Michael Barker.

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

** Narrabri Joint Venture – Whitehaven owns 77.5% share.

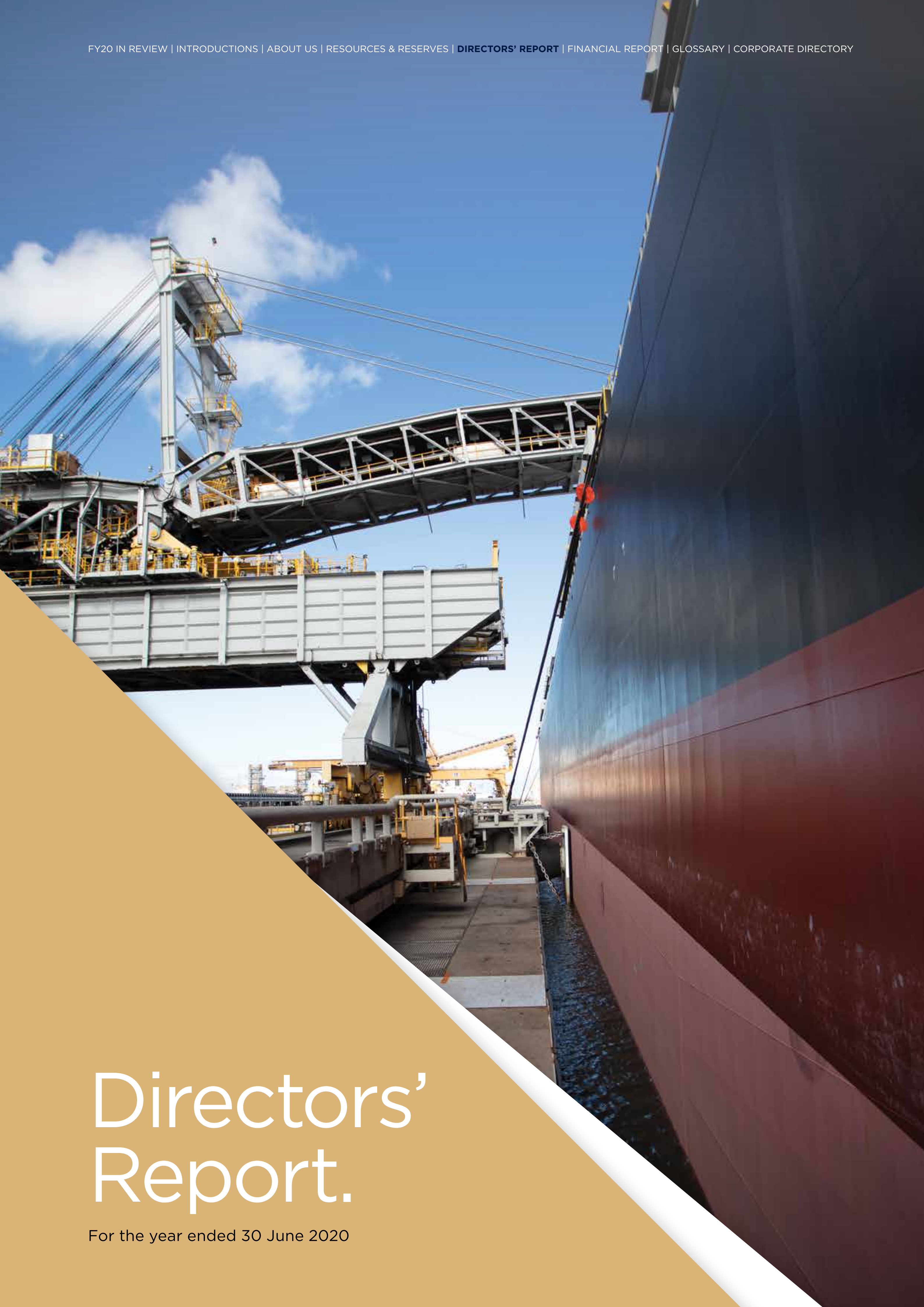
The Coal Reserves for active mining areas are current as at report date.

Coal Reserves are quoted as a subset of Coal Resources.

Marketable Reserves are based on geological modelling of the anticipated yield from Recoverable 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. Michael Barker is a full time employee of Palaris 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).



Directors' Report.

For the year ended 30 June 2020

Directors' Report

For the year ended 30 June 2020

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 2020 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 and Queensland.

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

2 (a) Directors

The directors of the Company at any time during or since the end of the financial year are:

The Hon. Mark Vaile AO

Chairman

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, CBD Energy Limited and SmartTrans Limited and a former independent Director on the board of Virgin Australia Holdings Limited. Mark is currently a Director of ServCorp Limited which is listed on the ASX (since June 2011), Stamford Land Corp which is listed on the Singapore Stock Exchange, a Director Trustee of HostPlus Superfund and Chairman of Palisade Regional Infrastructure Fund.

Former ASX listed directorships in the last three years:
Chairman, SmartTrans Holdings Limited (April 2016–June 2018); Director, Virgin Australia Holdings Limited (September 2008–December 2018)

John Conde AO

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

Deputy Chairman

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 (since February 2013) and The McGrath Foundation. He is also president of the Commonwealth Remuneration Tribunal and a Non-Executive Director of the Dexus Property Group (since April 2009). 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.

Former ASX listed directorships in the last three years: Nil

Dr Julie Beeby

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

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 the ASX listed coal seam gas producer WestSide Corporation Ltd. 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 was formerly the Chairman of the Queensland Electricity Transmission Corporation Limited, and Non-Executive Director of Gloucester Coal Limited, OzMinerals Limited, CRC Mining, Queensland Resources Council and Australian Coal Research. Currently Julie is a Non-Executive Director of Tasmanian Networks Pty Limited.

Former ASX listed directorships in the last three years:
Director, Oz Minerals Limited (April 2016–May 2018)

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.

Former ASX listed directorships in the last three years: Nil

Directors' Report
For the year ended 30 June 2020

2. Directors and executives *(cont.)*

2 (a) Directors *(cont.)*

Fiona Robertson

MA (Oxon), 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 risk management and mining finance roles. Previous Non-Executive Directorships include ASX-listed oil and gas producer, Drillsearch Energy Limited where she chaired the Audit & Risk Committee and Heron Resources Limited. Currently Fiona is a Non-Executive Director of Bellevue Gold Limited (since May 2020).

Former ASX listed directorships in the last three years:
Heron Resources Limited (April 2015–July 2020)

Lindsay Ward

BAppSc (Hons I), GradDip (Mgt), GAICD

Non-Executive Director

Appointed: 15 February 2019

Lindsay has more than 30 years' experience across industries including mining, exploration, mineral processing, ports management, rail haulage, power generation, gas transmission, transport and logistics. Having started his career in the mining industry, Lindsay has held a wide range of leadership and operational roles. He is currently CEO of Palisade Integrated Management Services, which has eight diverse infrastructure assets under management. Prior to this, he was the Managing Director of Dart Mining, a Melbourne-based exploration company, and a Non-Executive Director of Metro Mining Limited. Lindsay also has extensive mining experience having worked with BHP Australia Coal (Bowen Basin – Queensland), Camberwell Coal (Hunter Valley – NSW) and Yallourn Energy (Latrobe Valley – Victoria) in various mine engineering and senior leadership roles including Mine Manager and General Manager. Lindsay is a Graduate Member of the Australian Institute of Company Directors and is an experienced Director of both listed and unlisted companies.

Former ASX listed directorships in the last three years:
Director, Metro Mining Limited (October 2011–February 2019)

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 senior advisor to Farallon Capital Management, L.L.C., one of the largest alternative asset managers in the world, and a Non-Executive Director of Toshiba Corporation, which is listed on the Tokyo Stock Exchange, and PT Lippo Karawaci Tbk, which is listed on the Indonesian Stock Exchange. 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.

Former ASX listed directorships in the last three years: Nil

2 (b) Senior Executives

Paul Flynn –
Managing Director and Chief Executive Officer

Refer to details set out in section 2(a) Directors on page 17.

Kevin Ball –
Chief Financial Officer
BComm, CA

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

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

Timothy Burt –
General Counsel and Company Secretary
B.Ec, LLB (Hons) LLM

Timothy joined Whitehaven as General Counsel and Company Secretary in July 2009. He has more than 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.

2. Directors and executives *(cont.)*

2 (b) Senior Executives *(cont.)*

Ian Humphris –
Executive General Manager –
Operations
BE Mining (Hons)

Appointed Executive General Manager – Operations in April 2020, Ian is a Mining Engineer with more than 20 years' experience in the Australian resources sector, with a diverse and deep background across open cut and underground operations. Ian was most recently Vice President – Health, Safety and Environment at Peabody Energy Australia. Prior to this, he fulfilled a broad range of senior roles covering many aspects of that business, including managing the company's open cut operations, supply chain and infrastructure assets. Ian began his career in resources as a mining engineer in various Queensland mines before transferring to the New South Wales Coalfields and working in senior roles for a number of mine owners and for mining services provider, Thiess.

Scott Knights –
Executive General Manager –
Marketing and Logistics
BEcons (Hons)

Scott was appointed Executive General Manager – Marketing and Logistics 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 –
Executive General Manager –
Corporate, Government and
Community Affairs
BA (Hons)

Michael has nearly 20 years' experience across corporate communications and public policy roles in both the government and private sectors. He was appointed Executive General Manager – Corporate, Government and Community Affairs in May 2018. Prior to joining Whitehaven, Michael was a founding Partner of Newgate Communications and led the firm's mining and resources practice group. Michael was previously a ministerial advisor in the Howard Government and worked in a range of national security policy roles for the Departments of the Prime Minister and Cabinet, Foreign Affairs and Trade and Defence.

Leigh Martin –
Executive General Manager –
People and Culture
BA (Psych & Sociology), Grad Cert HRM, MMgt Leadership, MSc (Psych)

Appointed Executive General Manager – People and Culture in January 2020, Leigh joined Whitehaven from Broadspectrum, where she managed capability and culture across a complex workforce of 14,000 on a range of major projects and infrastructure assets. Leigh has also held roles across HR, talent and organisational development both domestically and internationally at UGL, BHP, Tabcorp and the Queensland Government.

Mark Stevens –
Executive General Manager –
Project Delivery
BSc (Hons), MSc, MBA

Mark joined Whitehaven as Executive General Manager – Project Delivery in January 2020. Mark has more than 30 years of Australian and international experience in project management and delivery across infrastructure, coal, and oil and gas. A qualified Mining Engineer, Mark has successfully delivered projects across all phases, from concept to completion, with a combined capital cost in the billions, most recently for the Australian Rail Track Corporation's Inland Rail project and prior to that, for Santos GLNG.

Sarah Withell –
Executive General Manager –
Health, Safety and Environment
BSc, MEngSc

Sarah joined Whitehaven as Executive General Manager – Health, Safety and Environment in July 2020. Sarah has more than 20 years' experience in the mining and resources sector with a proven track record of delivering major mining approvals, effective safety and governance systems, and excellent HSEC performance. Sarah has held senior positions across open cut and underground operations in both NSW and Queensland. Most recently Sarah led the HSE function for BHP's NSW Energy Coal and BMC division, and has also held roles at Coal & Allied and Peabody.

Directors' Report
For the year ended 30 June 2020

2. Directors and executives *(cont.)*

2 (b) Senior Executives *(cont.)*

**Brian Cole –
Executive General Manager –
Project Delivery**
BE (Civil-H1), M Eng Science, MBA, Fellow IE Aust, C P Eng., M AIMM

Brian was appointed Executive General Manager – Project Delivery in June 2012.

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 of circa $2.8 billion.

Brian retired in December 2019.

**Jamie Frankcombe –
Chief Operating Officer**

BE (Mining), MBA (Technology)

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.

Jamie left Whitehaven in December 2019.

2 (c) Directors' interests

The following table lists each Director's relevant Company-issued shares and options, as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001* (Cth), at the date of this report.

	Ordinary shares
Mark Vaile	1,509,317
John Conde	708,620
Julie Beeby	65,000
Paul Flynn[1]	1,282,535
Fiona Robertson	45,985
Lindsay Ward	35,000
Ray Zage	9,200,000

1 Mr Flynn held 1,241,869 Company-issued options as at the date of this report.

2 (d) Directors' meetings

Following are the number of Directors' meetings (including meetings of committees of Directors) and the number of meetings each Director attended during the financial year.

Director	Directors' Meetings		Audit & Risk Management Committee Meetings		Remuneration Committee Meetings		Health, Safety, Environment & Community Committee Meetings		Governance & Nominations Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
Mark Vaile	13	13	6	6	3	3	–	–	1	1
John Conde	13	13	6	6	3	2	–	–	1	1
Julie Beeby	13	13	–	–	–	–	4	4	1	1
Paul Flynn	13	13	–	–	–	–	–	–	–	–
Fiona Robertson	13	13	6	6	–	–	4	4	–	–
Lindsay Ward	13	13	–	–	3	3	4	4	–	–
Ray Zage	13	12	–	–	–	–	–	–	–	–

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

B – Number of meetings the Director attended.

Directors' Report

For the year ended 30 June 2020

3. Other

3 (a) Dividends

Paid during the year

Dividends of $312,197,000 were paid to shareholders during the year ended 30 June 2020 (2019: $464,854,000).

Declared after end of year

The Directors resolved not to pay a final dividend with respect to the year ended 30 June 2020.

3 (b) Share options

Shares issued on exercise of options

During the reporting period 1,360,181 options were exercised.

Unissued shares under options

At the date of this report there were 3,708,203 unissued ordinary shares of the Company under options. Refer to note 5.5 of the financial statements for further details of the options outstanding.

3 (c) 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 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.

3 (d) 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.

3 (e) 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) of $30.0 million, a decrease of 94%
- Statutory EBITDA of $306.0 million, a decrease of 69%
- Net cash from operating activities of $146.4 million, a decrease of 84%
- Net debt of $787.5 million at 30 June 2020
- Dividends of $312.2 million were paid during the period

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

	FY20	**FY19**
Whitehaven Coal Limited – Consolidated	**$ million**	**$ million**
Revenue	1,721.6	2,487.9
Net profit after tax before significant items	**30.0**	**564.9**
Significant items after tax (refer to note 2.2 Significant items)	–	(37.0)
Net profit after tax	**30.0**	**527.9**
Underlying EBITDA	**306.0**	**1,041.7**
Rehabilitation expense (refer to note 2.2 Significant items)	–	(40.5)
Statutory EBITDA	**306.0**	**1,001.2**
Net interest expense (refer to note 5.2 Finance income and expense)	(36.0)	(32.9)
Other financial expenses	(3.1)	(8.0)
Depreciation and amortisation[1]	(224.6)	(224.4)
Profit before tax	42.3	735.9

1 The prior year ended 30 June 2019 includes $12.3 million of accelerated depreciation recognised in connection with the replacement of the existing hydraulic cylinders with higher capacity hydraulic cylinders at the Narrabri mine. This has been disclosed as a significant item in note 2.2 of this financial report.

Review of financial performance

FY20 NPAT of $30.0 million was 94% below FY19 NPAT of $527.9 million. Following are the key features of the FY20 NPAT result.

- A continuing strong safety performance with a pleasingly low TRIFR of 4.1 at 30 June 2020, well below the 6.2 at the end of 30 June 2019.
- A $45/t decrease in the EBITDA margin on sales of produced coal in FY20 to $21/t from $66/t in FY19.
  - A $41/t decrease in average A$ realised prices, to A$104/t in FY20 from A$145/t in FY19.
  - A decrease in FY20 sales volumes which contributed to an increase of $8/t in FY20 unit costs compared with FY19.
- Equity ROM production of 16.6Mt in FY20 was 9% below the 18.4Mt produced in FY19. The decrease in FY20 ROM production contributed to decreased sales of produced coal and increased unit costs. The decrease in ROM production was a result of the following factors:
  - Productivity at Maules Creek was impacted adversely by turnover in experienced operators and by dust events. The rate of turnover in experienced operators led to a decrease in skill levels, and the replacement of departing operators lagged exits during H1 FY20. Dust events disrupted December quarter production due to production stoppages and the lowering of truck speeds to ensure safety when visibility was diminished.

Directors' Report
For the year ended 30 June 2020

4. Operating and financial review *(cont.)*

Review of financial performance *(cont.)*

- ROM production at Narrabri reflects the impact of the eight week longwall move in Q2 FY20, which incorporated an additional two weeks to upgrade the longwall's hydraulic leg cylinders, ahead of commencing mining panel 109. Production was adversely impacted for 20 days by a weighting event which caused a deferral of 500–600Kt of longwall coal production.
- Gunnedah open cut mines production (excluding Sunnyside) decreased by 19% to 3.8Mt (FY19: 4.7Mt), mainly due to Rocglen entering into the rehabilitation phase in the final weeks of FY19. For the continuing operations at Werris Creek and Tarrawonga, full year production was slightly down on FY19 due to the impact of more extensive former underground workings at Werris Creek than anticipated and heavy rains in the March quarter.

- Gross revenue decreased by $766.3 million to $1,721.6 million in FY20. The decrease was driven mainly by the decrease in average net realised prices and, to a lesser extent, decreased sales volumes. Following are the key drivers of A$ realised prices during the period.
  - The Newcastle globalCOAL Index price averaged US$65/t for Newcastle quality thermal coal in FY20, US$34/t below the average of US$99/t in FY19. The Group realised an average price of US$66/t for its thermal coal sales in FY20. The Newcastle globalCOAL Index began to soften in late FY19 before reducing further in Q4 FY20 due to the impact of COVID-19.
  - The Group realised an average price of US$89/t in FY20 for its sales of metallurgical coal products, down from US$119/t in FY19. The realised price reflects a combination of sales under quarterly benchmark linked and index based contract pricing structures.
  - Equity own metallurgical coal sales were 17% of total FY20 sales, below the 21% achieved in FY19.
  - The AUD:USD exchange rate decreased to 0.67 in FY20 from 0.72 in FY19, partially offsetting the decrease in realised prices.
  - Sales of produced coal decreased to 14.3Mt from 15.6Mt in FY19. The decline in sales volumes reflects the decrease in ROM production.
- FOB costs of A$75/t in FY20 increased from A$67/t in FY19. Unit costs were impacted by the following activities.

Maules Creek

- The strip ratio increased, compared with FY19, consistent with the natural progression of the mine as it approaches the 20 year average.
- There was a drive to reach pit bottom so that in-pit dumping could commence. Overburden movement in FY20 was characterised by out-of-pit dumping and a resulting increase in haul distances and haul elevation. FOB costs per tonne are expected to fall over FY21, FY22 and FY23 as in-pit dumping increases to reach 100%.
- Shortages of skilled workers, including truck drivers, reduced equipment utilisation and productivity. Dust and smoke haze also had an effect (as a 24x7 operation still to achieve 100% in-pit dumping, Maules Creek has been disproportionately affected by these conditions relative to our other open cut operations that operate five days a week and which have shorter haul distances). During the March quarter, manning requirements at Maules Creek were met fully and the focus shifted to investing in skills development to improve utilisation of equipment and the productivity of our workforce.
- The Company continued to focus on producing high quality thermal product to meet market demand. This strategy, combined with the seam mix during the period, increased the proportion of coal washed with a decrease in overall yield relative to FY19.
- ROM production was weighted to the June quarter with 39% of FY20 production delivered during this period. While this production came at a lower than average cost during FY20, a significant proportion remained in inventory at year-end. Coal stocks at 30 June 2020 of 2.0Mt were well up on the balance of 1.2Mt at 30 June 2019.

Other

- There was an increase in strip ratio at the Tarrawonga mine relative to the prior corresponding period, consistent with the natural progression of the mine as it approaches its life of mine (LOM) average of 10:1.

Increased unit costs of demurrage, overheads and under-utilised logistics costs arose from the lower ROM production during the period.

Lower mining fleet utilisation and lower productivity rates contributed to an increase in the depreciation costs per tonne. Depreciation per tonne has also been affected both by depreciation of Rehabilitation and Biodiversity assets and by an increased proportion of overburden movement relative to coal production during the period.

Cash flows & capital management

	FY20	FY19
Cash flow summary	**$ million**	**$ million**
Operating cash flows	146.4	916.4
Investing cash flows	(268.0)	(193.8)
Financing cash flows	108.8	(714.9)
Cash at the end of the period	**106.8**	**119.5**

Capital management	**30 June 2020**	**30 June 2019**
Net debt[1]	787.5	161.6
Undrawn syndicated facility	362.0	840.0
Gearing ratio[1,2] (%)	20%	4%

1 Calculated in accordance with the senior facility covenant requirements and therefore excludes lease liabilities recognised upon adoption of AASB 16 *Leases* of $130,313,000 (2019: $134,111,000).

2 Net Debt/(Net Debt plus Equity).

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

Operating cash flows

Cash generated from operations of $146.4 million in FY20 decreased 84% relative to FY19. This was driven largely by the decline in the EBITDA result which reflected the decline in coal prices relative to FY19 and the ROM production performance in FY20. ROM performance was the key driver of the reduction in sales of produced coal during the year. Operating cash flows were also impacted by the rehabilitation expenditures for work undertaken at Rocglen and Sunnyside, and the payment of corporate taxation. In addition, there were timing related impacts associated with investment in Narrabri development, overburden in advance and working capital.

Investing cash flows

Investing cash outflows during FY20 of $268.0 million were $74.2 million higher than FY19. This was primarily due to:

- the acquisition of the fleet to underpin the expansion of Tarrawonga ($75.4 million);
- replacement of hydraulic cylinders at Narrabri ($16.5 million);
- investments in access to, construction and uprading of water infrastructure ($19.3 million);
- consideration paid for the acquisition of EDF Trading Australia Pty Limited ($19.7 million).

This was partially offset by the payment of the final instalment in respect of the acquisition of Winchester South in FY19 (FY20: nil).

Expenditure on major development projects – Narrabri Stage 3, Winchester South and Vickery Extension – continued as the Group progressed these key projects.

Throughout the cycle, Whitehaven has continued to allocate sustaining capital to each of its mines to maintain safe and productive operations.

4. Operating and financial review *(cont.)*

Cash flows & capital management *(cont.)*

Financing cash flows and capital management

Net proceeds from financing activities during FY20 were $108.8 million, largely comprised of the following:

- net proceeds from borrowings ($478.0 million)
- payment of dividends ($312.2 million)
- payment of lease liabilities ($79.8 million).

A final dividend in respect of FY19 of 30 cents per share, totalling $297.3 million, was paid in September 2019. An interim dividend in respect of FY20 of 1.5 cents per share, totalling $14.9 million, was paid in March 2020.

Net debt at 30 June 2020 was $787.5 million, an increase of $625.9 million from 30 June 2019. Gearing of 20% marked an increase from 4% as at 30 June 2019. The increase in net debt was driven by investment in the business and returns to shareholders during the period. The components of the increase are as follows:

- investment in sustaining and expanding production of $268.0 million;
- the final FY19 dividend and interim FY20 dividend of $312.2 million;
- new equipment finance leases at Maules Creek and the conversion of a number of AASB 16 right of use asset leases into traditional finance lease arrangements;
- lease repayments in respect of AASB 16 right of use assets.

This was partially offset by operating cash flows of $146.4 million.

There was $468.8 million of available liquidity at 30 June 2020 consisting of $106.8 million of cash holdings and $362.0 million of undrawn capacity under the senior bank facility at 30 June 2020.

Review of operations

Safety

The TRIFR decreased to 4.1 at the end of June 2020, from 6.2 at the end of June 2019. Whitehaven's TRIFR remains well below the NSW coal mining average of 14.6. The Company is committed to achieving zero harm to its people and environment, and management is striving for better safety performance across all operations.

Production, sales and coal stocks

Whitehaven share (000t)	FY20	FY19	Movement
ROM Coal Production	16,632	18,358	(9%)
Saleable Coal Production	14,841	15,817	(6%)
Sales of Produced Coal	14,511	16,017	(9%)
Sales of Purchased Coal	2,376	1,615	47%
Total Coal Sales	16,887	17,631	(4%)
Coal Stocks at year end	3,074	2,754	12%

Note: Tonnages in the above table include saleable coal production and sales of produced coal from Sunnyside of 174kt and 232kt respectively (2019: 417kt and 416kt respectively).
The tonnages in the table above are presented on an equity basis. Production tables and associated commentary set out in the mine-by-mine analysis are presented on a managed (100%) basis.

FY20 saleable coal production and sales of produced coal were below the previous corresponding period. Following are key features of the period:

- ROM coal production was below the prior corresponding period.
- Opening coal inventories were drawn down in H1 FY20, supporting both saleable coal production and sales volumes.
- ROM production was weighted to the June quarter in both periods with 40% of FY20 and 32% of FY19 ROM production delivered in the June quarter respectively.
- Equity product stocks at 30 June 2020 were 1.4Mt, an increase of 0.5Mt compared to the 0.9Mt at 30 June 2019. This resulted from an increase in the proportion of final quarter ROM production being processed in FY20 relative to FY19.

Maules Creek

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

Maules Creek 100% (000t)	FY20	FY19	Movement
ROM Coal Production	10,726	11,720	(8%)
Saleable Coal Production	8,190	9,200	(11%)
Sales of Produced Coal	7,906	9,309	(15%)
Coal Stocks at Year End	1,976	1,160	70%

Note: Tonnages in the table above are presented on a managed basis.

Maules Creek ROM production decreased by 8% to 10.7Mt (FY19: 11.7Mt), owing primarily to labour shortages, and dust and smoke events associated with drought conditions and regional bushfires. The labour shortages were largely filled in the third quarter and the focus shifted to investing in skills development to improve utilisation of equipment and the productivity of our workforce. Record ROM production of 4.2Mt was achieved in the final quarter of the year. This coincided with planned access to the high yielding Braymont seam, a return to a full roster of labour and improved excavator productivity.

Saleable coal production decreased by 11% to 8.2Mt (FY19: 9.2Mt), reflecting both the decrease in ROM coal production and a decrease in mine yields from 82% in FY19 to 80% in FY20. The decrease in mine yields over the 12-month period was related to seam mix and a continuing focus on producing high quality thermal product to meet market demand.

During the second half of the year, Maules Creek reached pit bottom in the first of three planned locations. Access to pit bottom has created in-pit dump space that has delivered shorter overburden haulage distances and elevations than have been experienced in the last two years. In-pit dumping is expected to increase to 100% of overburden material in FY23. The transition to 100% in-pit dumping is expected to improve operational productivity and decrease unit costs.

24 x 7 operation of the first overburden autonomous haulage system (AHS) fleet commenced during the June quarter. The second AHS fleet is scheduled to be commissioned in Q3 FY21 with the remaining three fleets scheduled to commence at six month intervals over the following 18 months.

Narrabri

Ownership: Whitehaven 77.5% and Operator; J-Power 7.5%; Upper Horn Investments Limited 7.5%; Daewoo International Corporation and Korea Resources Corporation 7.5%

Narrabri Mine 100% (000t)	FY20	FY19	Movement
ROM Coal Production	6,111	6,447	(5%)
Saleable Coal Production	6,547	5,630	16%
Sales of Produced Coal	6,215	5,705	9%
Coal Stocks at Year End	793	1,018	(22%)

Note: Tonnages in the table above are presented on a managed basis.

Narrabri production decreased by 5% to 6.1Mt (FY19: 6.4Mt). The decrease in production was a result of an additional two weeks taken to upgrade the longwall's 398 leg cylinders that took place during the longwall relocation in the second quarter and a weighting event in March that caused a deferral of 500–600kt of longwall coal production. Following these two events, the Narrabri operation has delivered strong production performance. In April Narrabri recorded 1.0Mt ROM production – the second time in its history that it has recorded one million tonnes in a month.

Saleable coal production increased by 16% to 6.5Mt (FY19: 5.6Mt), reflecting improved mine yields, with annual yield increasing from 94% in FY19 to 99% in FY20. The improved yield partly reflects operational improvements at the CHPP.

The next longwall move from panel 109 to 110 is scheduled for the end of Q3 FY21.

4. Operating and financial review *(cont.)*

Review of operations *(cont.)*

Gunnedah open cut mines

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

Open Cuts 100% (000t)	FY20	FY19	Movement
ROM Coal Production	3,851	5,055	(24%)
Saleable Coal Production	3,624	4,977	(27%)
Sales of Produced Coal	3,690	4,979	(26%)
Coal Stocks at Year End	978	1,172	(17%)

Note: Tonnages in the above table include the discontinued Sunnyside and Rocglen mines that have both transitioned into rehabilitation.

Gunnedah open cut mines production decreased by 24% to 3.9Mt (FY19: 5.1Mt). The decrease is primarily due to production ceasing at Rocglen. For the continuing operations, Werris Creek and Tarrawonga, the full year production was slightly down on FY19 due to the impact at Werris Creek of more extensive former underground workings than anticipated and the heavy rains in the March quarter.

The reduction in saleable coal production and sales in FY20 reflects the ROM coal production decrease and the weighting of ROM coal production to the final months of the year. The increase in production in recent months is a result of the full utilisation of the new fleet at Tarrawonga during the June quarter.

Rocglen and Sunnyside rehabilitation is progressing well, with major earth moving activities at Sunnyside scheduled to be finalised in H1 FY21 and at Rocglen in H1 FY22.

Development projects

Vickery

Ownership: Whitehaven 100%

Vickery is an approved open cut mine in the Gunnedah Basin with a 20-year mine life and marketable reserves of 178Mt. The mine will produce a majority metallurgical coal for steel-making, with the balance being high quality thermal coal destined for premium export markets in our region.

Following extensive public consultation and an exhaustive review by the NSW Department of Planning, Industry and Environment, the Vickery Extension Project was approved by the Independent Planning Commission NSW on 12 August 2020 and is now proceeding through the necessary secondary approvals and the federal approvals process.

Progress on design work for the CHPP, rail spur, and other site infrastructure continues. Work is continuing on draft Management Plans including those required for Secondary Approval, such as for noise, air quality, cultural heritage and traffic management.

Winchester South

Ownership: Whitehaven 100%

The proposed Winchester South open cut metallurgical coal mine, situated in Queensland's Bowen Basin, continues to progress through the Queensland Government's major project development process. Studies to support drafting of the Environmental Impact Statement (EIS) have been advanced. Progress on design work for the CHPP, rail spur and other site infrastructure continues.

Work, including further coal quality drilling, continues on the maiden JORC Reserve estimate for the project, with an expected release date estimated to be the end of 2020.

Narrabri Stage 3 extension

Ownership: Whitehaven 77.5%

The project seeks to convert Narrabri's existing exploration licence into a mining lease and use the existing portals, CHPP, rail loop and associated infrastructure to extract, process and ship 80–100Mt of ROM coal using the longwall mining method. The project involves extending the longwall panels planned for the mining lease south of the current main roads into the contiguous Narrabri South Exploration Licence area, to extend the approved life of the mine from ~2031 to ~2044.

The project has received its Secretary's Environmental Assessment Requirements (SEARS) from the NSW Government as well as its *Environmental Protection and Biodiversity Conservation Act 1999* referral from the Federal Government. Whitehaven has been incorporating these requirements in the preparation of an EIS, which it plans to lodge with the NSW Department of Planning, Industry and Environment (DPIE) in Q1 FY21.

Exploration

Whitehaven maintains several exploration and potential development projects in Queensland and NSW. These are early stage projects where activity and spending is undertaken to keep the tenements in good standing.

Infrastructure

In FY20, the Hunter Valley supply chain faced challenges including the effects of bushfires, flooding, train derailments, periods of high seas and COVID-19 – all primarily in the second half of the financial year. Our close relationships with major suppliers has allowed us to work through these issues and deliver the required tonnes to customers.

Rail track capacity

Whitehaven contracts its below rail capacity from the Australian Rail Track Corporation (ARTC). Expansion and track upgrade options have been identified for Whitehaven's additional capacity requirements within the Gunnedah Basin through improved operating efficiencies. These include the ARTC Network Control Optimisation project currently being implemented. Whitehaven is continuing this work with ARTC to ensure long term rail logistics costs are optimised.

Rail haulage capacity

Whitehaven has capacity within its two long term rail haulage contracts for all current NSW based mine production plans including the initial ramp up production profile from the Vickery Expansion Project. The NSW related haulage contracts allow Whitehaven to align planned increases in production with rail capacity by giving notice to the rail providers of the need for additional capacity. Whitehaven has also continued to progress efficiency projects with our rail haulage operators providing benefits for all companies.

Port capacity

Whitehaven holds contracts at the Port of Newcastle that allow access to all three export coal terminals to support planned shipments. Whitehaven will require additional port capacity for the forecast production ramp up over the coming years, noting there is sufficient surplus capacity to support these production increases at the existing terminals including the planned increase at the NCIG terminal where Whitehaven is a major shareholder. Analysis continues on the timing of options to secure long term capacity most efficiently.

Queensland

Following the acquisition of the Winchester South tenement, Whitehaven has commenced analysis of options available for the logistics task in Queensland and alternative infrastructure requirements. Owners of both port and track have been engaged regarding existing capacity and expansion opportunities. Whitehaven will work with these parties to ensure a robust logistics solution for the project.

Directors' Report
For the year ended 30 June 2020

4. Operating and financial review *(cont.)*

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 significantly affect 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:

On the 12th August 2020, following extensive public consultation and a detailed review by the NSW Department of Planning, Industry and Environment, the Vickery Extension Project was approved by the Independent Planning Commission NSW. The Project is now proceeding through the necessary secondary and federal approvals processes.

Outlook and likely developments

Thermal and Metallurgical Coal Outlook

Thermal coal and metallurgical coal market fundamentals deteriorated due to the impact of COVID-19 but quickly found a floor.

For the seaborne thermal coal market, a combination of Chinese government import restrictions and the lockdown of Indian and northern Asian economies reduced demand and saw prices fall. At current coal prices, the price arbitrage between Chinese domestic coal and imported seaborne coal is at record levels. Supply side responses to these historically low prices initially emerged from USA, Canadian and Colombian exporters, and more recently from Indonesian and Australian producers.

Actions taken by steel producers across Asia and India to initially defer metallurgical coal shipments in response to weak domestic steel demand softened the price for hard coking coal. The price for SSCC and PCI coal has similarly softened.

The short-term outlook for thermal and metallurgical coal is dependent upon post-pandemic economic and industrial recovery in our region. In recent weeks there have been positive signs in the affected markets that industrial activity is recovering, resulting in the resumption of term contract shipping schedules and increasing spot demand. The long-term outlook remains healthy as the need for industrial products such as steel, cement and alloys, and electricity generation remain strong for the future growth of Asia, Whitehaven's export market.

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, that may 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 Whitehaven's 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.

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.

Capital requirement risk

There is a risk that insufficient liquidity or the inability to access funding on acceptable terms may impact ongoing operations and growth opportunities.

Whitehaven manages liquidity risk by holding a prudent level of available cash, maintaining adequate committed credit facilities which have been provided by a diverse panel of Australian and international banks and refinancing committed credit facilities well before they become current liabilities.

Whitehaven had $468.8 million in liquidity (cash and undrawn facilities) available as at 30 June 2020.

Capital Allocation and 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.

Missed opportunities to invest or a failure to effectively allocate capital or achieve expected return from assets may also lead to a failure to achieve expected commercial objectives.

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, labour shortages 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.

Water security

Water is critical to Whitehaven's mining operations as it is used for various purposes including dust suppression and coal washing. Whitehaven's ability to access water may be impacted by a number of factors, including drought, changes in government policy and regulation and scarcity of supply. The inability to access sufficient water may negatively impact on Whitehaven's costs, future production and financial performance.

Whitehaven regularly monitors the water balance at each of its sites and investigates opportunities to minimise water usage and secure alternate, reliable water sources to build resilience against water availability risks.

Infrastructure risks

Coal produced from Whitehaven's mining operations is transported to customers by a combination of 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).

Cyber risk

Whitehaven's operations are supported by a robust information technology security framework and back-up data infrastructure. However, computer viruses, unauthorised access, cyber-attack and other similar disruptions may threaten the security of information and impact operational systems. The Company manages this risk by continuing to invest in systems to prevent such attacks and undertaking staff training programmes.

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.

4. Operating and financial review *(cont.)*

Risks relating to Whitehaven's future prospects *(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.

Further details in relation to 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 will be provided in the Company's 2020 Sustainability Report to be released later this year.

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.

Climate change risk

The physical and non-physical impacts of climate change may affect the Company's assets, production and the coal markets where its high quality coal products are sold. These impacts may include severity and frequency of weather patterns, policy and regulatory change and coal demand responses. Further details in relation to climate change risks will be provided in the Company's 2020 Sustainability Report to be released later this year.

The International Energy Agency (IEA) has forecast under its Stated Policies Scenario (its central scenario, which assumes that all of the Nationally Determined Commitments (NDCs) as provided by countries after the 2015 Paris COP21 meeting are met in full) that global coal demand will remain stable until at least 2040 – with relatively stronger demand in the broad Asian region, Whitehaven's key export market. The IEA regularly makes projections about world coal demand based on various future scenarios for energy development. The Stated Policies Scenario is the IEA's central scenario in its most recent World Energy Outlook (2019). Alternate scenarios include the Current Policies Scenario (highest projected coal usage) and the Sustainable Development Scenario (lowest projected coal usage). Further details are available at: https://webstore.iea.org/world-energy-outlook.

COVID-19 risk

As with most businesses around the world the COVID-19 pandemic has presented a range of health, commercial and financial risks to Whitehaven. This includes risk to continuity of operations, and potential disruptions to the movement of goods and people. Since before the pandemic emerged in Australia, we have been carefully planning to ensure continuity of supply of inputs, and have taken a range of steps – including direct advocacy to key government and other stakeholders – to ensure our workforce is ready to respond to the pandemic and is not adversely impacted by domestic border restrictions, limiting the operational impacts we have experienced. Whitehaven, and the resources sector more broadly, has so far demonstrated its resilience in the face of COVID-19. It has been widely acknowledged that the comprehensive suite of measures adopted across the resources sector quickly became the model for others to emulate. The development and rapid implementation of our response plan kept our people safe and supported continuity of production and employment. More broadly the experience of responding to COVID-19 has validated the robustness of our WHS systems and procedures and ensured our preparedness to manage any future emerging risks of this nature.

The exceptional circumstances stemming from the pandemic have resulted in uncertainty surrounding public health and the global economy, including impacts on energy and industrial markets. Short-term demand for both metallurgical and thermal coal has contracted as a result of measures employed in many countries to slow the spread of the virus. Despite uncertainties surrounding the economic outlook, the fundamentals of our business model remain robust. Throughout the pandemic, our portfolio of coal products have remained sought after and well sold under long term contracts to the cornerstone high-energy, low-impurity coal markets of Japan, Korea and Taiwan, as well as emerging markets in developing Southeast Asian nations. In contrast, lower-energy and/or higher-impurity coal basins globally have traditionally been the first to exit the seaborne coal market during times of declining demand, and this has been borne out during the first half of CY20. We expect our customer nations to capitalise on their installed and planned coal-fired power generation to underpin their economic recoveries when the threat of the pandemic is either eliminated or can be sustainably managed. Whitehaven actively monitors and responds to all factors with potential to impact global supply and demand for our products.

5. Auditor independence and non-audit services

5 (a) Auditor's independence declaration

The auditor's independence declaration forms part of the Directors' report for the financial year ended 30 June 2020. It is set out on page 36.

5 (b) Non-audit services

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

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

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

Details of the amounts paid 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 2020	Consolidated 2019
In AUD	**$**	**$**
Non-audit services		
Ernst & Young		
Taxation compliance services	30,000	125,000
Other non-audit services	32,994	69,790
	62,994	**194,790**

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 the financial report of Whitehaven Coal Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
b) No contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ryan Fisk
Partner
26 August 2020

2020 Remuneration Report

(Audited)

Summary

We present the Remuneration Report for the financial year ended 30 June 2020 (FY20) for which we seek your support at our Annual General Meeting (AGM) in October. More than 98% of votes cast at last year's AGM were in favour of the resolution to approve our 2019 Remuneration Report.

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. This includes details of realised remuneration outcomes for our Key Management Personnel (KMP) for FY20 and performance against the Short Term Incentive (STI) Key Performance Indicators (KPIs) and Long Term Incentive (LTI) performance conditions.

Our executive remuneration framework is designed to be aligned to shareholder interests while operating to incentivise and reward senior executives 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 way.

Whitehaven's performance in FY20

Managing Director and Chief Executive Officer (CEO) Paul Flynn is supported by a strong executive leadership group. In FY20 the CEO completed a structural change of the executive leadership team, detailed later in this report. The Board believes that with the strength of its existing operations and its high-quality asset development pipeline, the Company is well positioned to continue to grow, improve its performance and deliver value to shareholders.

FY20 was a difficult year from both a coal markets perspective and from an operating perspective. Coal prices realised an average of A$104/t on own coal sales in FY20 in contrast to the FY19 average of A$145/t. The decrease in realised prices was the principal cause of the decrease in EBITDA and cash flow from operating activities between FY19 and FY20. However, in FY20 the Maules Creek operation was affected adversely by the impacts of drought (smoke and dust events) and by the increased levels of staff turnover that had been induced by the higher coal price environment in FY18 and FY19. At Narrabri 398 hydraulic leg cylinders were safely changed during the longwall move in the December quarter but in February 2020 difficult mining conditions caused a deferral of between 500Kt and 600Kt (managed) longwall production. These operational difficulties (together with the closure of Rocglen in late FY19) contributed to lower production and 1.3Mt lower volumes of own coal sold than in FY19, increasing our unit operating costs.

Remuneration outcomes for FY20

In relation to STI awards, market and operating performance achieved in FY20 have delivered reduced STI outcomes for Executive KMP. STI awards for performance during the year were assessed at 28% of the possible award.

In relation to LTI awards, the 2017 LTI Costs Hurdle Award that was tested following the end of FY20 failed to achieve the gateway and lapsed in full. Tranche 1 of the 2017 LTI Relative TSR award also failed to satisfy the relevant performance condition and therefore lapsed in full while Tranche 2 of the 2016 LTI Relative TSR award vested at 64.2%.

Further details of the LTI awards that were tested in 2020 are set out later in this report at section 4.2.

Changes to remuneration framework for FY21

The Board continues to consider Executive KMP remuneration in the context of our strategy, relevant benchmarks, and retaining and appropriately rewarding our leadership team.

There will be no changes to fixed remuneration for Executive KMP in FY21 with one exception (detailed later).

We have well-developed plans for strong growth at our operations and from new operations, including the recently approved Vickery Extension Project and our Queensland metallurgical coal project – Winchester South. A strong executive leadership group has been assembled to support our growth agenda.

For FY21 the Board intends to retain the existing remuneration framework but to improve alignment of the framework by introducing, in addition to the existing two components (Relative TSR and Costs), an additional LTI component related to delivery of strategic objectives. The change does not alter the total reward opportunity for Executive KMP but rather reallocates the LTI opportunity across three elements (Relative TSR, Costs Hurdle and Strategic Priority Delivery) each with hurdles and each underpinned by a gateway condition to be satisfied prior to vesting.

Shareholders will be asked to consider the changes as part of the FY21 LTI grant for the CEO. The Resolution proposing the LTI grant to the CEO, including details and explanations of the changes, will be set out in the AGM Notice of meeting.

We have also made a number of refinements to our Short Term Incentive Plan for FY21, including to increase the weighting of environmental metrics. The overall STI reward opportunity remains unchanged.

Non-Executive Directors' fees

There was no increase to Non-Executive Directors' fees in the year, nor is any proposed for FY21. There is no proposal to change the maximum aggregate Directors' fees pool.

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

Directors' Report Remuneration Report
For the year ended 30 June 2020

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 FY20 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 FY20

The table below details the remuneration of KMP during FY20.

Name	Role held during FY20	Committee positions held
Non-Executive Directors		
The Hon. Mark Vaile AO	Chairman and Non-Executive Director	Chairman of Governance & Nomination Committee Member of Audit & Risk Management Committee Member of Remuneration Committee
John Conde AO	Deputy Chairman and Non-Executive Director	Chairman of Remuneration Committee Member of Audit & Risk Management Committee Member of Governance & Nomination Committee
Dr Julie Beeby	Non-Executive Director	Chairman of Health, Safety, Environment & Community Committee Member of Governance & Nomination Committee
Fiona Robertson	Non-Executive Director	Chairman of Audit & Risk Management Committee Member of Health, Safety, Environment & Community Committee
Lindsay Ward	Non-Executive Director	Member of Health, Safety, Environment & Community Committee Member of Remuneration Committee
Raymond Zage	Non-Executive Director	Nil

Executive KMP	Role held during FY20	Dates
Paul Flynn	Managing Director and Chief Executive Officer (CEO)	Full year
Kevin Ball	Chief Financial Officer (CFO)	Full year
Timothy Burt	General Counsel and Company Secretary	Full year
Ian Humphris	Executive General Manager (EGM) – Operations	From 6 April 2020
Scott Knights	Executive General Manager (EGM) – Marketing and Logistics	Full year
Michael van Maanen	Executive General Manager (EGM) – Corporate, Government and Community Affairs	Full year
Leigh Martin	Executive General Manager (EGM) – People and Culture	From 13 January 2020
Mark Stevens	Executive General Manager (EGM) – Project Delivery	From 28 January 2020
Brian Cole	Executive General Manager (EGM) – Project Delivery	Until 31 December 2019
Jamie Frankcombe	Chief Operating Officer (COO)	Until 11 December 2019

Directors' Report Remuneration Report
For the year ended 30 June 2020

1. Introduction *(cont.)*

1.2 Summary of Company performance

FY20 at a glance

EBITDA
$306m

Four-year total shareholder return (TSR)
66%

Total Recordable Injury Frequency Rate
↓33%

Company performance for the last five years

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

	2020	2019	2018	2017	2016
Revenue ($m)	1,721.6	2,487.9	2,257.4	1,773.2	1,164.4
Statutory EBITDA ($m)[1]	306.0	1,001.2	1,002.2	714.2	224.1
Net profit after tax ($m)[1]	30.0	527.9	524.5	405.4	20.5
Share price at year end (dollars per share)	$1.43	$3.66	$5.78	$2.87	$1.08[2]
Basic EPS (cents per share)	3.0	53.5	53.1	41.2	2.1
Diluted EPS (cents per share)	3.0	52.4	52.1	40.7	2.1
Shareholder distributions paid (cents per share)	1.5	47	33	–	–
Total Reportable Injury Frequency Rate (TRIFR)	4.1	6.2	6.9	7.4	10.6
Environmental Enforcement Action Frequency Rate (EEAFR)[3]	3.9	1.9	2.1	4.2	8.1
Managed saleable production (Mt)	18.4	19.8	20.9	20.8	19.7

1 Statutory EBITDA and net profit after tax for FY18 has been restated for the adoption of AASB 16 *Leases*. Statutory EBITDA and net profit after tax for FY17–FY16 has not been restated for the adoption of AASB 16 *Leases*.

2 The opening share price for 2016 was $1.32.

3 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 or licence condition, each breach is counted separately.

1.3 How do remuneration outcomes align to FY20 performance?

Component	Principles	Outcome
Fixed Remuneration (TFR)	Total fixed remuneration set with reference to market benchmarking and individual performance	There will be no changes in TFR for Executive KMP in FY21 with one exception; the Executive General Manager – Corporate, Government and Community Affairs.
STI	Reflects the performance of management during the performance period, relative to performance conditions set at the start of FY20	Performance outcomes did not meet all of the objectives set and therefore the below target STI outcomes reflect this. While safety performance has improved, the ROM production, free on board (FOB) costs per tonne, net profit after tax and environmental objectives were not met. Consequently no awards were made for these performance areas. The Executive KMP STI outcome was 28% of the maximum possible STI. See section 4.1 for more details on STI outcomes.
LTI	Reflects long-term overall Company performance and the delivery of value to shareholders over the performance period	The LTI awards granted under the 2016 (TSR Tranche 2) and 2017 (TSR Tranche 1 and Costs Hurdle Award) LTI plans reached the end of their respective performance periods and were tested after 30 June 2020. Due to the TSR performance of 66% over the four year performance period the LTI awards granted under the 2016 (TSR Tranche 2) LTI plan vested at 64%. The LTI awards granted under the 2017 (TSR Tranche 1) LTI plan failed to satisfy the performance condition and therefore lapsed in full. The Costs Hurdle Gateway and the Costs Hurdle Target were set in 2017. Actual costs for FY20 of $75/t exceeded the Costs Hurdle Gateway and the 2017 Costs Hurdle Award lapsed in full. See section 4.2 for more details on the LTI outcomes for FY20.

1.4 Executive KMP realised remuneration outcomes

As set out in section 1.3, the Remuneration Committee is of the view that while the Company and the Executive KMP have had a challenging year, the Executive KMP have continued to execute successfully the Group's long-term strategy. The table below gives shareholders a better understanding of the actual remuneration outcomes for Executive KMP in FY20. It includes:

- fixed remuneration earned in FY20
- STI earned in respect of FY20 performance (including the cash component payable in September 2020 and the deferred component awarded in equity, which may vest and become exercisable in later years)
- LTI that reached the end of its performance period in FY20 including the impact of share price growth between the grant date and the test date
- any non-monetary benefits provided to Executive KMP in FY20 (including fringe benefits).

The amounts disclosed in the table, while not in accordance with accounting standards, may be helpful for shareholders as they demonstrate the link between Company performance and remuneration outcomes for Executive KMP for FY20, as summarised in section 1.3.

For further details on STI and LTI outcomes for FY20 refer to sections 4.1 and 4.2 respectively.

Directors' Report Remuneration Report
For the year ended 30 June 2020

1. Introduction *(cont.)*

1.4 Executive KMP realised remuneration outcomes *(cont.)*

Name	FY	TFR[1]	STI[2] cash	Severance	Total cash	FY20 deferred equity STI[3]	LTI[4] vested at face value of award	Other[5]	Total remuneration	Vested LTI[6] share price growth	Total including share price growth
Paul Flynn	**2020**	**1,530,000**	**267,750**	**–**	**1,797,750**	**267,750**	**217,079**	**12,900**	**2,295,479**	**59,541**	**2,355,020**
	2019	1,500,000	603,750	–	2,103,750	603,750	948,092	12,500	3,668,092	2,585,637	6,253,729
Kevin Ball	**2020**	**714,000**	**87,465**	**–**	**801,465**	**87,465**	**78,581**	**–**	**967,511**	**21,554**	**989,065**
	2019	700,000	181,913	–	881,913	181,913	343,201	–	1,407,027	935,979	2,343,006
Timothy Burt	**2020**	**612,000**	**74,970**	**–**	**686,970**	**74,970**	**66,794**	**12,900**	**841,634**	**18,320**	**859,954**
	2019	600,000	169,050	–	769,050	169,050	291,721	12,500	1,242,321	795,583	2,037,904
Ian Humphris[8]	**2020**	**152,732**	**18,710**	**–**	**171,442**	**18,710**	**–**	**–**	**190,152**	**–**	**190,152**
	2019	–	–	–	–	–	–	–	–	–	–
Scott Knights	**2020**	**637,500**	**78,094**	**–**	**715,594**	**78,094**	**67,410**	**–**	**861,098**	**18,489**	**879,587**
	2019	625,000	176,094	–	801,094	176,094	287,162	–	1,264,350	788,699	2,053,049
Michael van Maanen	**2020**	**420,000**	**51,450**	**–**	**471,450**	**51,450**	**–**	**–**	**522,900**	**–**	**522,900**
	2019	375,000	114,461	–	489,461	114,461	–	–	603,922	–	603,922
Leigh Martin[8]	**2020**	**197,404**	**24,182**	**–**	**221,586**	**24,182**	**–**	**5,375**	**251,143**	**–**	**251,143**
	2019	–	–	–	–	–	–	–	–	–	–
Mark Stevens[8]	**2020**	**211,749**	**25,569**	**–**	**237,318**	**25,569**	**–**	**–**	**262,887**	**–**	**262,887**
	2019	–	–	–	–	–	–	–	–	–	–
Brian Cole[7]	**2020**	**345,000**	**–**	**–**	**345,000**	**–**	**76,015**	**14,917**	**435,932**	**20,850**	**456,782**
	2019	690,000	174,182	–	864,182	174,182	379,238	10,432	1,428,034	1,034,258	2,462,292
Jamie Frankcombe[7]	**2020**	**448,087**	**–**	**935,000**	**1,383,087**	**–**	**110,619**	**6,450**	**1,500,156**	**30,341**	**1,530,497**
	2019	1,000,000	297,000	–	1,297,000	297,000	574,324	12,500	2,180,824	1,566,298	3,747,122

Note: for role held by Executive KMP during FY20 refer to section 1.1.

1 Total fixed remuneration (TFR) comprises base salary and superannuation.

2 STI represents the amount of cash STI that each Executive KMP will be paid in September 2020 based on FY20 performance. Refer to section 3.3 and section 4.1 for further details.

3 Deferred equity STI refers to the amount of STI deferred into rights that are subject to further service conditions. While not yet granted, the STI is expected to be issued at a volume weighted average price (VWAP) of $1.53. It is expected that rights issued under the STI will vest and become exercisable in two equal tranches following the completion of FY21 and FY22. Refer to section 3.3 for further details.

4 LTI represents LTI awards made in 2016 and 2017 for which the test period ended in FY20 and which have vested. The amounts shown are the face value of the awards at grant. Refer to section 4.2 for further details.

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

6 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. LTI outcomes are explained further in section 4.2 of this report.

7 Jamie Frankcombe and Brian Cole ceased to be members of the Executive KMP as of 11 December 2019 and 31 December 2019, respectively.

8 Ian Humphris, Leigh Martin and Mark Stevens were appointed as members of the Executive KMP on 6 April 2020, 13 January 2020 and 28 January 2020, respectively.

2. Remuneration Governance

This section describes the roles and responsibilities of the Board, Remuneration Committee and external remuneration advisors when making remuneration decisions. It also provides an overview of the principles and policies that underpin the Company's remuneration framework.

Remuneration governance framework

Board

The Board maintains overall responsibility for the remuneration policy and 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.

Delegation and oversight

Recommendations and reporting

Remuneration Committee

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 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.

External advice

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.

No remuneration recommendations were obtained during FY20 as defined under the *Corporations Act 2001* (Cth).

Remuneration principles

The following principles underpin the Company's remuneration framework:

- Remuneration is comparable and competitive within our comparator group in order to attract and retain skilled executives.
- Short and long-term incentives are aligned with the interests of the Company and its shareholders.
- Structures are equitable and reinforce relevant Company policies such as ensuring a focus on a safe working environment for all employees and on compliance with environmental approval conditions.
- Reward outcomes are aligned with performance with a signficant portion of pay deemed 'at risk' based on challenging KPI's that are linked to the creation of sustainable shareholder returns.

3. Remuneration framework

The Company's Executive KMP remuneration framework is based on a set of core principles and comprises both fixed and at-risk remuneration components. This section details the components of Executive KMP remuneration framework for FY20.

3.1 Summary of Executive KMP remuneration components in FY20

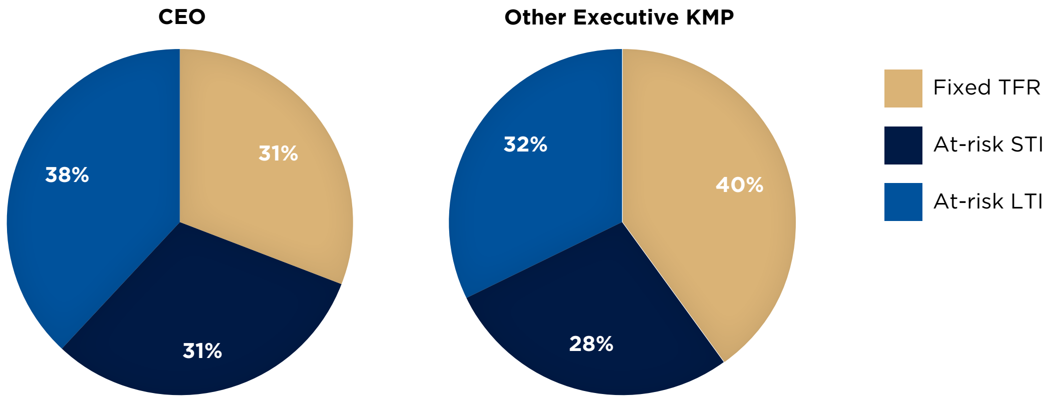
The table below summarises how the core remuneration principles and remuneration framework were applied during FY20. The different components of Executive KMP remuneration mentioned below are described in greater detail in sections 3.2, 3.3 and 3.4.

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 FY20 as an award of 100% performance rights
– 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 120% of TFR
– set based on individual performance and experience			– vesting is subject to two independent performance hurdles – Relative TSR and Costs Target

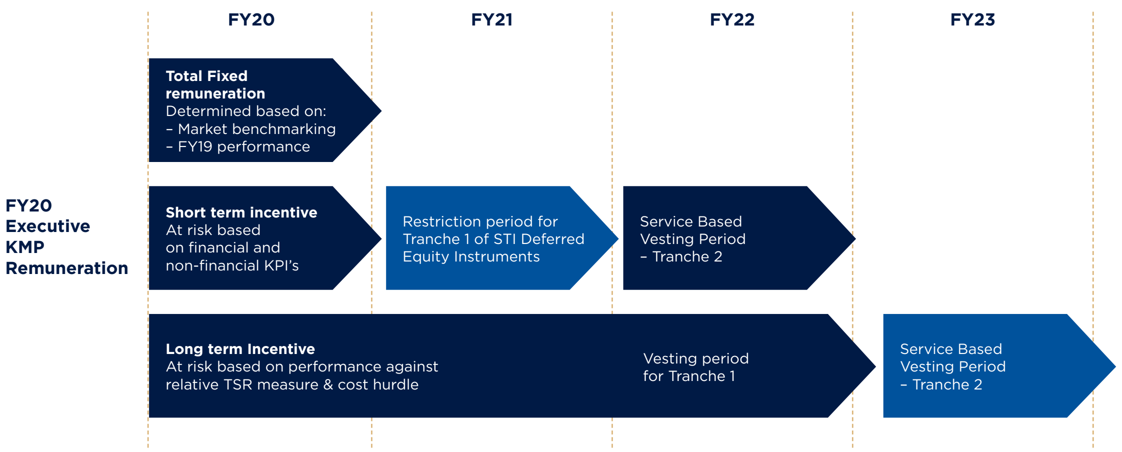
Mix and timing of Executive KMP remuneration

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

The graphs below illustrate the remuneration mix for Executive KMP for FY20 (assuming target performance for at-risk components).



The diagram below shows the timing for determining and delivering Executive KMP remuneration for FY20:



3. Remuneration framework *(cont.)*

3.1 Summary of Executive KMP remuneration components in FY20 *(cont.)*

Benchmarking total remuneration

While benchmarking is a useful starting point, it is only one input the Board uses to determine 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.

3.2 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.

3.3 STI awards and structure for FY20

The terms of the STI that applied during FY20 were as follows:

Feature	Description
Performance period	12 month performance period from 1 July 2019 to 30 June 2020
Form of delivery, vesting and exercise	The STI for FY20 is delivered 50% in cash in September 2020 and 50% in deferred rights that are granted in or around October 2020, which on exercise entitle the recipient to receive one ordinary share in the Company for each deferred right that vests. Half of the deferred rights vest and become exercisable following completion of FY21, while the other half will vest and become exercisable following the completion of FY22, subject to meeting service conditions. Vested deferred rights that have not been exercised by August 2030 will automatically be exercised. No amount is payable on vesting or exercise of deferred rights.
Quantum (% of TFR)	CEO: target 100% and stretch 125% Other Executive KMP: target 70% and stretch 87.5%
Calculation of STI award	The value of STI awards is calculated as follows: **Value of STI Award** = TFR x Target Opportunity x Level of KPI result
Performance conditions and KPI weighting	Whitehaven has chosen performance conditions that link to our strategy and motivate outperformance of annual business plans. The Board sets target KPIs at the commencement of FY20. The table below summarises the KPIs that were adopted as performance conditions in FY20, and the applicable weighting of each performance condition.

KPI	Executive KMP excluding EGM Project Delivery	EGM Project Delivery
Safety (TRIFR)	20%	10%
Net Profit After Tax (NPAT)	20%	20%
ROM production (managed basis)	20%	10%
FOB cost per tonne (equity basis)	20%	20%
Environmental Enforcement (EEAFR)	10%	10%
Individual leadership	10%	30%

3. Remuneration framework *(cont.)*

3.4 LTI awards and structure for FY20

The terms of the LTI grant made during FY20 to Executive KMP were as follows:

Feature	Description
Form of delivery, vesting and exercise	LTI Awards granted in FY20 were provided in the form of performance rights, being rights to receive one ordinary share in the Company for each performance right that vests on meeting the relevant performance conditions. Vested deferred rights that have not been exercised by October 2029 will automatically be exercised. No amount is payable on vesting or exercising of deferred rights.
Quantum (% of TFR)	CEO: 120% Other Executive KMP: 80%
Performance period	**TSR Awards (50%):** divided into two equal tranches capable of vesting and becoming exercisable after a three and four year performance period, with each of the respective performance periods, beginning on 1 July 2019. **Costs Hurdle Awards (50%):** FOB cost per tonne achieved for the year ended 30 June 2022 with the Costs Hurdle Awards being tested at that time. Half the awards will be capable of vesting and becoming exercisable after the end of the performance period. The remaining half of any awards that vest will be subject to deferral for a further year before becoming exercisable.

Performance conditions

Component	Details	Reason the performance condition was chosen
TSR Award	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 sector.	This measure allows for an objective external assessment of the shareholder value created by the Company relative to a group of peers over a sustained period.
Costs Hurdle Award	50% of the award is subject to the Company achieving a cost per tonne target (Costs Hurdle Target) that will position the Company competitively on the then current cost curve. The Board sets the Costs Hurdle Target as the entry point to the first quartile in the published Wood Mackenzie data of Australia coal industry outcomes. A Costs Hurdle Gateway also applies to ensure that a base level of cost control is achieved before any of the Costs Hurdle Award is capable of vesting.	This measure is aligned to the Company's objective to be positioned competitively against Australian coal producers in relation to costs of production when measured on the then current coal industry cost curve. Competitive costs protect and preserve shareholder value in difficult times and support enhanced returns when the commodity cycle recovers.

Calculation of LTI award

The value of LTI awards and the number of performance rights granted is calculated as follows:

TFR x Target Opportunity = Value of LTI Award ÷ VWAP of performance right = Number of performance rights granted

TSR Awards: the TSR of the Company for the FY20 LTI grant is measured as a percentile ranking compared to the comparator group of listed entities in the resources sector over the relevant performance period of the tranche. The TSR comparator group was established before the commencement date of the respective performance period and comprised the following companies:

Beach Energy Ltd	Mineral Resources Ltd	Rio Tinto Ltd
BHP Group Ltd	New Hope Corporation Ltd	Santos Ltd
Coronado Global Resources Inc.	Newcrest Mining Ltd	South32 Ltd
Evolution Mining Ltd	Northern Star Resources Ltd	St Barbara Limited
Fortescue Metals Group Ltd	Oil Search Ltd	Woodside Petroleum Ltd
Iluka Resources Ltd	OZ Minerals Ltd	WorleyParsons Ltd
Independence Group NL	Regis Resources Ltd	

Costs Hurdle Awards: testing will occur following the completion of FY22 based on the average costs achieved on a Company-wide basis over the 12 month period from 1 July 2021 to 30 June 2022.

Vesting schedule

TSR Awards

Performance level	Outcome as a % of target opportunity
75th percentile or above	100% of the TSR Awards will vest
Between 50th and 75th percentile	Vesting will occur on a pro rata straight line basis between 50% and 100%
At 50th percentile	50% of the TSR Awards will vest
Below 50th percentile	0% TSR Awards will vest

Costs Hurdle Awards

The Board has set the Costs Hurdle Target as the entry point to the first quartile in the published Wood Mackenzie data of industry outcomes. As evidenced during the past two years, the Board will ensure that the Company does not overlook shareholder value enhancing opportunities even if these opportunities are higher-cost mining operations. Notwithstanding the vesting schedule below, the Board retains discretion to lapse any or all of the Costs Hurdle Awards if the Board considers that vesting would be inappropriate in light of the intent and purpose of the target. Full vesting will only occur if the Board is satisfied performance meets or exceeds the Costs Hurdle Target as set out below. The Costs Hurdle Awards will lapse in full if the Costs Hurdle Gateway is not achieved. The Board may, where it is appropriate to do so, recalibrate the Gateway and Target to take account of structural changes in the Company's asset portfolio (such as mergers, acquisitions and divestments) or other exceptional circumstances.

Performance level	Outcome as a % of target opportunity
Target or lower	100% of the Costs Hurdle Awards will vest
Between Gateway and Target	Vesting will occur on a pro rata straight line basis between 50% and 100%
Gateway	50% of the Costs Hurdle Awards will vest
Above Gateway	0% Costs Hurdle Awards will vest

Retesting

Any component of the LTI award that does not vest following testing will lapse immediately. There is no re-testing of awards that do not vest.

3. Remuneration framework *(cont.)*

3.5 Policies and conditions of rights awarded under equity plans

Malus and clawback

The Board has discretion to reduce or clawback all vested and unvested LTI and STI awards in certain circumstances if subsequent events show a reduction to be appropriate. The circumstances in which the Board may exercise this discretion include: where an Executive KMP engages in fraud, dishonesty or other misconduct, a material misstatement of the Company's financial statements or other material error which results in vesting, or any other factor that the Board deems justifiable.

Dividend and voting rights

Rights carry no entitlement to voting or dividends prior to exercise. Upon exercise of vested rights the recipient is entitled to receive a dividend equivalent payment (DEP) in respect of any prior period between the start of the performance period, 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.

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 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.

Cessation of employment

Unless the Board determines otherwise, cessation of employment by:

- **Termination for cause:** unvested performance awards will lapse.
- **Resignation or by mutual agreement with the Company:** unvested performance awards will remain on foot and subject to the original performance hurdle. However, the Board may at its discretion determine to lapse any or all of the unvested performance awards and ordinarily, in the case of a resignation, would be expected to do so.
- **Other circumstances:** 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.

4. Remuneration outcomes for FY20

4.1 STI outcomes for Executive KMP in FY20

Before a financial year begins, the Board set target KPIs that link to our strategy and motivate outperformance of annual business plans. At the end of the financial year, the CEO recommends to the Board the individual outcomes for each Executive KMP. The Board then assesses and approves the overall STI outcomes for the CEO and Executive KMP. The table below summarises details in relation to each KPI and the performance levels achieved in FY20.

Performance condition	KPI measure	Actual KPI result	STI outcome	Comment
Safety	TRIFR	4.13	🟢	Safety performance has improved during FY20 by 33%. The TRIFR of 4.13 at the end of June 2020 fell from 6.16 at June 2019 and remains well below the NSW coal industry average of 14.7. The Company has an aspirational goal of being the industry leader in safety, and work to improve safety processes and standards continues.
NPAT	Net Profit After Tax	$30.0m	🔴	The trade dispute between the USA and China that started in mid H2 CY18 continued during FY20 causing coal prices to soften. While global demand for thermal coal remained relatively strong seaborne coal import restrictions into China weighed upon coal prices throughout the year. The coal price softened further in the final months of the year due to the impact of COVID-19. Lower than expected sales volumes and higher than expected costs adversely impacted margins and net profit. NPAT was below Gateway and no STI was earned.
ROM production	ROM production (managed)	20.6 Mt	🔴	FY20 ROM coal production was adversely impacted by factors at open cut and underground mines. Labour shortages, dust and smoke events associated with drought and regional bushfires, affected Maules Creek. Legacy underground workings and the impacts of wet weather when drought breaking rains finally arrived in H2 FY20 were felt at Gunnedah open cuts. ROM production was below Gateway and no STI was earned.
FOB cost	FOB cost per tonne	$75/tonne	🔴	Below expectation ROM production and sales adversely affected the recovery of the fixed cost base of the business – labour, infrastrutcure and overheads. Consequently unit costs for FY20 of $75/t exceeded the FOB cost target gateway and no STI was earned.
Environmental	Incidents	19.0 incidents	🔴	The Board recognises the importance of compliance with environmental approval conditions to maintaining the Group's standing in the community. The Group strives to adopt and achieve industry best practice. In FY20, there were 19.0 incidents and the EEAFR was 3.9 per million man hours worked. The EEAFR exceeded Gateway and no STI was earned.
Individual leadership	Individual based	Individual based		The leadership performance of the CEO is assessed annually by the Board. A target result was awarded to the CEO. Awards to other Executive KMP were based on individual perfomance.

Key: 🟢 Stretch 🔴 Below Gateway

Directors' Report Remuneration Report
For the year ended 30 June 2020

4. Remuneration outcomes for FY20 *(cont.)*

4.1 STI outcomes for Executive KMP in FY20 *(cont.)*

The individual STI outcomes for Executive KMP for FY20 are set out in the table below. The total STI opportunity at target and stretch, by Executive KMP, as a percentage of TFR is detailed in section 3.3.

Executive KMP	Paid as cash ($)	Deferred equity ($)	Total ($)	Percentage of maximum STI received	Percentage of maximum STI forfeited
Paul Flynn	267,750	267,750	535,500	28%	72%
Kevin Ball	87,465	87,465	174,930	28%	72%
Timothy Burt	74,970	74,970	149,940	28%	72%
Ian Humphris	18,710	18,710	37,420	28%	72%
Scott Knights	78,094	78,094	156,188	28%	72%
Michael van Maanen	51,450	51,450	102,900	28%	72%
Leigh Martin	24,182	24,182	48,364	28%	72%
Mark Stevens	25,569	25,569	51,138	28%	72%
Brian Cole	–	–	–	–	–
Jamie Frankcombe	–	–	–	–	–

4.2 LTI outcomes for Executive KMP in FY20

Over the four year performance period to 30 June 2020, the Company has returned over $1.1 billion to shareholders. For the TSR Award to vest in full, the TSR percentile ranking achieved over the relevant performance period relative to the TSR performance of the comparator group would need to be at or above the 75th percentile. Between the 50th and 75th percentile ranking, vesting will occur on a pro rata straight line basis.

The table below sets out the LTI awards that were tested in 2020 against performance conditions and the results of the relevant test. Additional information about the terms of these prior year LTI awards is available in the Remuneration Report for the relevant financial years.

LTI year	Performance period	Tranche	Test type	Target	Performance achieved	Vesting outcome
2016	1 July 2016–30 June 2020	2 of 2	TSR Award	75th percentile or above	10 in 22	64.2%
2017	1 July 2017–30 June 2020	1 of 2	TSR Award	75th percentile or above	20 in 22	0%
2017	1 July 2019–30 June 2020	n/a	Costs Hurdle Award	$64/t	$75/t	0%

Executive KMP LTI awards vesting in FY20

Executive KMP	2016 Tranche 2 TSR Hurdle	2017 Tranche 1 TSR Hurdle	2017 Costs Hurdle	Gross up for capital return[1]	2016 Tranche 2 TSR Hurdle	2017 Tranche 1 TSR Hurdle	2017 Costs Hurdle	LTI value	Vested LTI at face value of award[2]	Vested LTI share price appreciation[2]
	Performance Rights				Options			$	$	$
Paul Flynn	89,702	Lapsed	Lapsed	3,171	292,444	Lapsed	Lapsed	276,620	217,079	59,541
Kevin Ball	32,472	Lapsed	Lapsed	1,148	105,862	Lapsed	Lapsed	100,135	78,581	21,554
Timothy Burt	27,601	Lapsed	Lapsed	976	89,983	Lapsed	Lapsed	85,114	66,794	18,320
Ian Humphris[3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	–	–
Scott Knights	27,855	Lapsed	Lapsed	985	90,813	Lapsed	Lapsed	85,899	67,410	18,489
Michael van Maanen	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	–	–
Leigh Martin[3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	–	–
Mark Stevens[3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	–	–
Brian Cole[4]	31,411	Lapsed	Lapsed	1,110	102,405	Lapsed	Lapsed	96,865	76,015	20,850
Jamie Frankcombe[4]	45,710	Lapsed	Lapsed	1,616	149,023	Lapsed	Lapsed	140,960	110,619	30,341
Award Test Date	30 June 2020	30 June 2020	30 June 2020							
VWAP – Face value	$1.21	$2.85	$2.85							
VWAP – Award Test Date	$1.53	$1.53	$1.53							

1 Refer to the Notice of 2017 Annual General Meeting, Resolution 6. This adjustment applies to rights issued before the 'ex' date for the capital return to shareholders in November 2017 to ensure that incentive plan participants were not disadvantaged by the capital return.

2 As presented in section 1.4.

3 Ian Humphris, Leigh Martin and Mark Stevens were appointed as members of the Executive KMP on 6 April 2020, 13 January 2020 and 28 January 2020, respectively.

4 Jamie Frankcombe and Brian Cole ceased as members of the executive KMP on 11 December 2019 and 31 December 2019 respectively. The Board considered Jamie Frankcombe and Brian Cole to be 'good leavers' and therefore have retained components of their unvested incentives, subject to any applicable performance conditions that are required to be met under the terms of the grant.

4. Remuneration outcomes for FY20 *(cont.)*

4.2 LTI outcomes for Executive KMP in FY20 *(cont.)*

LTI awards granted in FY20

A summary of the LTI awards granted in FY20 (i.e. the face 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[1]	Face value of performance rights grant[2]	Fair value of performance rights at grant date[3]
		($)	($)
Paul Flynn	497,561	$1,836,000	$1,362,073
Kevin Ball	154,797	$571,200	$423,757
Timothy Burt	132,683	$489,600	$363,220
Brian Cole	74,797	$276,000	$204,757
Ian Humphris[4]	–	–	–
Scott Knights	138,212	$510,000	$378,355
Michael van Maanen	91,057	$336,000	$249,269
Leigh Martin	42,798	$157,923	$117,160
Mark Stevens	45,908	$169,399	$125,673

1 Refer to section 3.4 for the terms of the LTI grant.

2 The face value of the LTI performance rights of $3.69 was calculated using the volume weighted average price of Whitehaven shares over the 20 trading day period commencing 10 trading days prior to 30 June 2019.

3 The fair value for awards granted to the Executive KMP is based on the average fair value of $2.74 (for the fair value of each tranche from which this average is derived – see note 5.5) per performance right as at 15 November 2019, 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.

4 Ian Humphris became a member of the Executive KMP effective 6 April 2020.

5. 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 25 March 2013. This table outlines the key terms of Mr Flynn's contract of employment.

Fixed remuneration	Mr Flynn's annual TFR for FY21 remains unchanged at $1,530,000 (FY20: $1,530,000). It includes salary, superannuation contributions and any components under Whitehaven's salary packaging guidelines and all Director fees. TFR is reviewed annually.
Short term incentive	Mr Flynn is eligible to participate in the annual STI plan, as described in section 3.3. At target performance, his FY21 STI opportunity is 100% of TFR (FY20: 100%), with up to 125% of TFR for stretch performance (FY20: 125%).
Long term incentive	Mr Flynn is eligible to participate in the LTI plan as described in section 3.4, subject to receiving required shareholder approval. Mr Flynn's LTI grant in FY21 will be 120% of his TFR (FY20: 120%). 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 FY19 award was provided in the form of 100% rights.
Other key terms	Other key terms of Mr Flynn's service agreement include the following: – His employment is ongoing, subject to twelve months' notice of termination by Whitehaven or six months' notice of termination by Mr Flynn. – The Company may terminate without notice in certain circumstances, including serious misconduct or negligence in the performance of duties. Mr Flynn may terminate immediately in the case of fundamental change to his role (that is, 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 is 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
Ian Humphris Executive General Manager – Operations Appointed 6 April 2020	6 months by employee or 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, Government and Community Affairs Appointed 28 May 2018	3 months by employee 6 months by the Company
Leigh Martin Executive General Manager – People and Culture Appointed 13 January 2020	3 months by employee 6 months by the Company
Mark Stevens Executive General Manager – Project Delivery Appointed 28 January 2020	3 months by employee 6 months by the Company

6. Non-Executive Director remuneration

This section explains the fees paid to Non-Executive Directors during FY20.

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 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' fees pool for FY21.

6.2 Current Non-Executive Director fee remuneration

The table below sets out Board and Committee members' fees in Australian dollars for FY20.

There have been no changes to Directors fees for FY20. 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 & Nominations Committee	No fee	–	No fee
Health, Safety, Environment & Community Committee	$40,000	–	$20,000

1 *The Chairman and Deputy Chairman of the Board do not receive committee member 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 23), the Non-Executive Directors participated in visits to mine sites and in the Company's annual Safehaven conference. While the Board had scheduled additional visits to mine sites as well as participation in the Company's annual safety day, COVID-19 restrictions resulted in these scheduled visits being cancelled.

6.3 FY20 Non-Executive Director remuneration

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	
Non-Executive Directors	**FY**	**Board & Committee fees**	**Non-monetary benefits**	**Other benefits (non-cash)**	**Superannuation benefits**	**Total fees for services as a Non-Executive Director**
The Hon. Mark Vaile (Chairman)	**2020**	**375,000**	**–**	**–**	**21,003**	**396,003**
	2019	375,000	–	–	20,531	395,531
John Conde (Deputy Chairman)	**2020**	**262,500**	**–**	**–**	**21,003**	**283,503**
	2019	262,500	–	–	20,531	283,031
Dr Julie Beeby	**2020**	**180,000**	**–**	**–**	**17,100**	**197,100**
	2019	180,000	–	–	17,100	197,100
Fiona Robertson	**2020**	**200,000**	**–**	**–**	**19,000**	**219,000**
	2019	199,663	–	–	18,956	218,619
Lindsay Ward[2]	**2020**	**180,000**	**–**	**–**	**17,100**	**197,100**
	2019	68,250	–	–	6,484	74,734
Raymond Zage[3]	**2020**	**140,000**	**–**	**–**	**–**	**140,000**
	2019	140,000	–	–	–	140,000
Tony Haggarty[1]	**2020**	**–**	**–**	**–**	**–**	**–**
	2019	63,768	–	–	6,058	69,826
Total	**2020**	**1,337,500**	**–**	**–**	**95,206**	**1,432,706**
	2019	1,289,181	–	–	89,660	1,378,841

1 Mr Haggarty retired on 25 October 2018.

2 Mr Ward commenced on 15 February 2019.

3 Previously, Mr Zage elected not to receive any Board and Committee fees given he represented a substantial shareholder of the Company. However, that representation ceased, so Mr Zage elected to resume receiving Board and Committee fees, and the Board fees with respect to FY20 and FY19 were paid to Mr Zage during FY20.

Directors' Report Remuneration Report
For the year ended 30 June 2020

7. Executive KMP statutory tables and additional disclosures

7.1 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.

		Short-term benefits			Post-employment benefits		Share-based payments		
	FY	Salary & fees	Non-monetary benefits	STI	Superannuation benefits	Termination benefits	Rights and options	Total remuneration	Performance related
			(A)	(B)			(C)		%
Executive Directors									
Paul Flynn	**2020**	**1,505,000**	**12,900**	**765,964**	**25,000**	**–**	**649,185**	**2,958,049**	**48%**
	2019	1,475,000	12,500	1,212,423	25,000	–	146,859	2,871,782	47%
Other Executive KMP									
Kevin Ball	**2020**	**689,000**	**–**	**236,772**	**25,000**	**–**	**216,503**	**1,167,275**	**39%**
	2019	675,000	–	377,924	25,000	–	43,462	1,121,386	38%
Timothy Burt	**2020**	**587,000**	**12,900**	**212,813**	**25,000**	**–**	**184,836**	**1,022,549**	**39%**
	2019	575,000	12,500	335,010	25,000	–	37,367	984,877	38%
Brian Cole[2]	**2020**	**332,500**	**14,917**	**118,970**	**14,583**	**–**	**179,840**	**660,810**	**45%**
	2019	665,000	10,432	380,929	25,000	–	40,950	1,122,311	38%
Jamie Frankcombe[2]	**2020**	**444,735**	**6,450**	**197,399**	**12,500**	**935,000**	**211,881**	**1,807,965**	**23%**
	2019	975,000	12,500	623,628	25,000	–	79,389	1,715,517	41%
Ian Humphris[1]	**2020**	**141,656**	**–**	**18,710**	**13,457**	**–**	**–**	**173,823**	**11%**
	2019	–	–	–	–	–	–	–	–
Scott Knights	**2020**	**612,500**	**–**	**220,601**	**25,000**	**–**	**189,686**	**1,047,787**	**39%**
	2019	600,000	–	346,615	25,000	–	38,721	1,010,336	38%
Michael van Maanen	**2020**	**395,000**	**–**	**120,162**	**25,000**	**–**	**65,388**	**605,550**	**31%**
	2019	350,000	–	152,720	25,000	–	31,775	559,495	33%
Leigh Martin[1]	**2020**	**185,887**	**5,375**	**33,288**	**14,295**	**–**	**–**	**238,845**	**14%**
	2019	–	–	–	–	–	–	–	–
Mark Stevens[1]	**2020**	**196,877**	**–**	**42,210**	**18,703**	**–**	**–**	**257,790**	**16%**
	2019	–	–	–	–	–	–	–	–
Total	**2020**	**5,090,155**	**52,542**	**1,966,889**	**198,538**	**935,000**	**1,697,319**	**9,940,443**	
	2019	5,315,000	47,932	3,429,249	175,000	–	418,523	9,385,704	

1 Ian Humphris, Leigh Martin and Mark Stevens were appointed as members of the Executive KMP effective 6 April 2020, 13 January 2020 and 28 January 2020, respectively.

2 Jamie Frankcombe and Brian Cole ceased as members of the Executive KMP effective 11 December 2019 and 31 December 2019, respectively.

(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 sections 3.3 and 4.1 for details) and the fair value at each grant date of STI deferred rights expensed over the relevant period for the service vesting conditions. The fair value for STI grants is based on the volume weighted average price of Whitehaven shares over the 20 trading day period commencing 10 trading days prior to 30 June of each respective grant.

(C) The fair value for LTI performance rights granted to KMP is based on the fair value at each grant date expensed over the vesting period. The FY20 amount includes the reversal of AASB 2 share-based payments expense due to lapse outcomes of costs hurdle LTI rights and options. The factors and assumptions used in determining the fair value are set out in note 5.5 to the financial statements.

7.2 Movement in options and rights 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 2019 (number)	Granted (number)	Granted (value)	Vested during the year (number)	Exercised (number)	Exercised (value)	Lapsed (number)	Lapsed (year of grant)	Forfeited (number)	Balance as at 30 June 2020 (number)	Vested and exercisable at 30 June 2020
			(A)	(B) $			(C) $		(D)			
Paul Flynn	Performance Rights (LTI)	1,584,805	497,561	1,362,073	612,562	472,838	474,893	279,446	2016	–	1,330,082	139,724
	Options (LTI)	2,608,430	–	–	455,521	455,521	719,723	911,040	2016	–	1,241,869	–
	Deferred Rights (STI)	479,019	163,618	603,750	191,655	–	–	–	–	–	642,637	423,143
Kevin Ball	Performance Rights (LTI)	557,619	154,797	423,757	221,742	221,742	171,907	101,157	2016	–	389,517	–
	Options (LTI)	944,229	–	–	164,895	164,895	260,534	329,788	2016	–	449,546	–
	Deferred Rights (STI)	163,176	49,299	181,913	60,688	145,478	396,501	–	–	–	66,997	–
Timothy Burt	Performance Rights (LTI)	474,677	132,683	363,220	188,481	188,481	146,121	85,983	2016	–	332,896	–
	Options (LTI)	802,595	–	–	140,161	140,161	221,454	280,320	2016	–	382,114	–
	Deferred Rights (STI)	137,790	45,814	169,050	50,402	122,746	332,046	–	–	–	60,858	–
Ian Humphris[1]	N/A	–	–	–	–	–	–	–	–	–	–	–
Scott Knights	Performance Rights (LTI)	476,168	138,212	378,355	184,599	141,210	145,662	86,777	2016	–	386,393	43,389
	Options (LTI)	810,001	–	–	141,454	141,454	223,497	282,907	2016	–	385,640	–
	Deferred Rights (STI)	138,469	47,722	176,094	52,076	–	–	–	–	–	186,191	123,286
Michael van Maanen	Performance Rights (LTI)	52,632	91,057	249,269	–	–	–	–	–	–	143,689	–
	Deferred Rights (STI)	–	31,020	114,461	–	–	–	–	–	–	31,020	–
Leigh Martin[1]	Performance Rights (LTI)	–	42,798	117,160	–	–	–	–	–	–	42,798	–
Mark Stevens[1]	Performance Rights (LTI)	–	45,908	125,673	–	–	–	–	–	–	45,908	–
Brian Cole[2]	Performance Rights (LTI)	604,449	74,797	204,757	245,026	245,026	189,959	111,779	2016	142,050	180,391	–
	Options (LTI)	1,043,373	–	–	182,209	182,209	287,890	364,416	2016	91,313	405,435	–
	Deferred Rights (STI)	175,962	47,204	174,182	65,914	–	–	–	–	–	223,166	156,390
Jamie Frankcombe[2]	Performance Rights (LTI)	944,168	–	–	371,290	371,290	288,182	169,280	2016	151,287	252,311	–
	Options (LTI)	1,580,107	–	–	275,941	275,941	435,987	551,880	2016	167,796	584,490	–
	Deferred Rights (STI)	268,887	80,488	297,000	102,081	238,800	660,181	–	–	–	110,575	–

1 Ian Humphris, Leigh Martin and Mark Stevens were appointed as members of the Executive KMP on 6 April 2020, 13 January 2020 and 28 January 2020, respectively.

2 Jamie Frankcombe and Brian Cole ceased to be members of the Executive KMP as of 11 December 2019 and 31 December 2019, respectively.

7. Executive KMP statutory tables and additional disclosures *(cont.)*

7.2 Movement in options and rights held by Executive KMP *(cont.)*

(A) The number of rights granted during FY20 includes:

a. the FY19 LTI awards (further details are provided in section 4.2)

b. the deferred rights component of the FY19 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 2019. The granting of rights occurred on 15 November 2019.

(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 2019 as fair value, being $3.69 per share.

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, on exercise (plus the value of any dividend equivalent payment attaching to the award on vesting or, where applicable on exercise).

(C) The 2015 LTI Rights TSR Hurdle Tranche 2 fully vested during the year. The remaining 50% of the satisfied 2015 LTI Rights Costs Target Hurdle vested during the year at a rate of 80%. The 2016 LTI Rights TSR Hurdle Tranche 1 fully vested during the year. 100% of the 2016 LTI Costs Target Hurdle lapsed during the year due to the performance conditions not being met. 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 FY18 STI deferred 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 2018.

Tranche 2 of the FY17 STI deferred 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 2017.

(D) The year in which the lapsed performance rights, options or deferred shares were granted. Performance conditions were not met, and therefore 100% of the 2016 LTI Rights and Options Costs Target Hurdle award lapsed.

7.3 Movement in ordinary shares held by KMP

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

No. of shares	Held at 1 July 2019	Received on vesting and exercise of STI/LTI	Received as remuneration	Other net change	Held at 30 June 2020
Non-Executive Directors					
Mark Vaile	1,509,317	–	–	–	1,509,317
John Conde	708,620	–	–	–	708,620
Dr Julie Beeby	55,000	–	–	10,000	65,000
Raymond Zage	–	–	–	9,200,000	9,200,000
Fiona Robertson	21,560	–	–	24,425	45,985
Lindsay Ward	–	–	–	35,000	35,000
Executive KMP					
Paul Flynn	1,454,327	793,708	–	(965,500)	1,282,535
Kevin Ball	538,767	509,538	–	(308,305)	740,000
Timothy Burt	474,742	448,716	–	(323,938)	599,520
Brian Cole	882,019	375,350	–	N/A	N/A
Jamie Frankcombe	1,044,760	847,358	–	N/A	N/A
Ian Humphris	N/A	–	–	–	–
Scott Knights	–	240,652	–	(240,652)	–
Michael van Maanen	–	–	–	–	–
Leigh Martin	N/A	–	–	–	–
Mark Stevens	N/A	–	–	–	–

7.4 Related party transactions and additional disclosures

Loans with Executive KMP and Non-Executive Directors

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

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.

Signed in accordance with a resolution of the Directors:

The Hon. Mark Vaile AO
Chairman

Dated at Sydney this 26th day of August 2020

Paul Flynn
Managing Director

Dated at Sydney this 26th day of August 2020

Financial Report.

For the year ended 30 June 2020

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Consolidated statement of comprehensive income

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Revenue	*2.1*	1,721,609	2,487,944
Other income		3,495	3,930
Operating expenses		(695,621)	(734,858)
Coal purchases		(220,658)	(210,678)
Selling and distribution expenses		(342,084)	(324,131)
Royalties		(121,215)	(184,754)
Depreciation and amortisation		(224,583)	(224,459)
Administrative expenses		(29,810)	(26,185)
Share-based payments expense	*5.5(a)*	(6,259)	(7,684)
Foreign exchange loss		(3,494)	(2,356)
Profit before net financial expense		**81,380**	**776,769**
Financial income		957	2,092
Financial expenses		(40,007)	(42,993)
Net financial expense	*5.2*	**(39,050)**	**(40,901)**
Profit before tax		42,330	735,868
Income tax expense	*2.3(a)*	(12,294)	(207,970)
Net profit for the year		**30,036**	**527,898**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement on cash flow hedges	*5.2*	10,289	(4,287)
Income tax effect	*2.3(b)*	(3,087)	1,286
Other comprehensive income for the period, net of tax	*5.2*	**7,202**	**(3,001)**
Total comprehensive income for the period, net of tax		**37,238**	**524,897**
Net profit for the period attributable to:			
Owners of the parent		30,036	527,898
Non-controlling interests		–	–
Comprehensive income for the period, net of tax attributable to:			
Owners of the parent		37,238	524,897
Non-controlling interests		–	–
Earnings per share			
Basic earnings per share (cents per share)	*2.4*	3.0	53.5
Diluted earnings per share (cents per share)	*2.4*	3.0	52.4

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 2020

		2020	2019
	Note	$'000	$'000
Assets			
Cash and cash equivalents		106,760	119,535
Trade and other receivables	*3.1*	129,145	155,745
Inventories	*3.2*	175,593	148,939
Income tax receivable	*2.3(c)*	13,225	–
Derivative financial instruments	*5.3(d)*	8,286	47
Total current assets		**433,009**	**424,266**
Trade and other receivables	*3.1*	9,708	10,518
Investments	*5.3(d)*	37	37
Property, plant and equipment	*4.1*	4,154,994	3,841,872
Exploration and evaluation	*4.2*	591,343	547,089
Intangible assets	*4.3*	22,946	21,350
Total non-current assets		**4,779,028**	**4,420,866**
Total assets		**5,212,037**	**4,845,132**
Liabilities			
Trade and other payables	*3.3*	189,474	197,731
Loans and borrowings	*5.1*	81,553	81,728
Employee benefits	*7.1*	30,430	26,510
Provisions	*4.4*	10,083	29,985
Income tax payable	*2.3(c)*	–	288
Derivative financial instruments	*5.3(d)*	824	2,874
Total current liabilities		**312,364**	**339,116**
Non-current liabilities			
Other payables	*3.3*	62,111	–
Loans and borrowings	*5.1*	943,008	333,529
Deferred tax liability	*2.3(c)*	384,920	390,068
Provisions	*4.4*	260,044	260,219
Total non-current liabilities		**1,650,083**	**983,816**
Total liabilities		**1,962,447**	**1,322,932**
Net assets		**3,249,590**	**3,522,200**
Equity			
Issued capital	*5.4(a)*	3,003,964	2,980,933
Share-based payments reserve		15,253	16,909
Hedge reserve		5,223	(1,979)
Retained earnings		225,150	526,337
Total equity		**3,249,590**	**3,522,200**

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 2020

	Note	Issued capital	Share-based payment reserve	Hedge reserve	Retained earnings	Total equity
		$'000	$'000	$'000	$'000	$'000
	Note		*5.4(b)*	*5.4(b)*		
Balance at 1 July 2018		**2,993,458**	**13,948**	**1,022**	**474,384**	**3,482,812**
Profit for the period		–	–	–	527,898	527,898
Other comprehensive income		–	–	(3,001)	–	(3,001)
Total comprehensive income for the year		**–**	**–**	**(3,001)**	**527,898**	**524,897**
Transactions with owners in their capacity as owners						
Dividends paid		–	–	–	(464,854)	(464,854)
Share-based payments	*5.5(a)*	–	7,684	–	–	7,684
Transfer on exercise of share-based payments		15,814	(4,621)	–	(11,193)	–
Transfer on lapse of share-based payments		–	(102)	–	102	–
Purchase of shares through employee share plan	*5.4(a)*	(28,339)	–	–	–	(28,339)
Closing balance at 30 June 2019		**2,980,933**	**16,909**	**(1,979)**	**526,337**	**3,522,200**
Opening balance at 1 July 2019		**2,980,933**	**16,909**	**(1,979)**	**526,337**	**3,522,200**
Profit for the period		–	–	–	30,036	30,036
Other comprehensive income		–	–	7,202	–	7,202
Total comprehensive income for the year		**–**	**–**	**7,202**	**30,036**	**37,238**
Transactions with owners in their capacity as owners						
Dividends paid		–	–	–	(312,197)	(312,197)
Share-based payments	*5.5(a)*	–	6,259	–	–	6,259
Transfer on exercise of share-based payments		26,392	(7,366)	–	(19,026)	–
Cash settled share-based payments		–	(549)	–	–	(549)
Purchase of shares through employee share plan	*5.4(a)*	(3,361)	–	–	–	(3,361)
Closing balance at 30 June 2020		**3,003,964**	**15,253**	**5,223**	**225,150**	**3,249,590**

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 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Cash receipts from customers		1,744,954	2,442,211
Cash paid to suppliers and employees		(1,555,020)	(1,478,153)
Cash generated from operations		189,934	964,058
Interest paid		(30,938)	(34,371)
Interest received		953	2,088
Income taxes paid		(13,513)	(15,321)
Net cash from operating activities	*3.4*	**146,436**	**916,454**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		27	1,195
Purchase of property, plant and equipment		(190,779)	(92,847)
Expenditure on projects		(57,567)	(32,725)
Acquisition of shares in subsidiary, net of cash acquired	*6.1*	(19,679)	(4,803)
Acquisition of Winchester South		–	(64,618)
Net cash used in investing activities		**(267,998)**	**(193,798)**
Cash flows from financing activities			
Payment of finance facility upfront costs		(13,650)	(1,681)
Purchase of shares		(3,361)	(28,339)
Proceeds from senior bank facility		598,000	410,000
Proceeds from secured loans – ECA facility		51,671	–
Repayment of senior bank facility		(120,000)	(525,000)
Repayment of secured loans – ECA facility		(11,908)	(11,908)
Payment of lease liabilities		(79,768)	(93,116)
Payment of dividends		(312,197)	(464,854)
Net cash from/(used) in financing activities		**108,787**	**(714,898)**
Net change in cash and cash equivalents		(12,775)	7,758
Cash and cash equivalents at 1 July		119,535	111,777
Cash and cash equivalents at 30 June		**106,760**	**119,535**

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 2020

1. About this report

1.1 Reporting entity

Whitehaven Coal Limited ('Whitehaven' or the '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 and Queensland. The consolidated general purpose financial report of the Group for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 26 August 2020. 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; 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 that form the basis of the carrying values of assets and liabilities, which are not readily apparent from other sources. Judgements and estimates that are material to the financial report are found in the following notes:

2.3 Taxes	page 77
4.1 Property, plant and equipment	page 86
4.2 Exploration and evaluation	page 87
4.4 Provisions	page 89
6.3 Interest in joint operations	page 106

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 2020 comprises the Company and its controlled entities (together referred to as the 'Group'). A list of the Group's significant controlled entities is presented in note 6.2.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

(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 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 or performance of the Group.

1.5 New standards, interpretations and amendments adopted by the Group

(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.

Several amendments apply for the first time in the current year. However, they do not impact the annual consolidated financial statements of the Group.

As disclosed in the 2019 Annual Financial Report, the Group adopted AASB 16 *Leases*, AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* in the financial year ended 30 June 2019, effective from 1 July 2018.

(ii) Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2020 are outlined below:

Amendments to AASB 3: *Definition of a Business*

In October 2018, the IASB issued amendments to the definition of a business in AASB 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendment to AASB 3 is effective for reporting periods beginning on or after 1 January 2020. Since amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

1. About this report *(cont.)*

1.5 New standards, interpretations and amendments adopted by the Group *(cont.)*

(ii) Accounting standards and interpretations issued but not yet effective (cont.)

Amendments to IAS 1 and IAS 8: *Definition of Material*

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide specific information about a specific reporting entity.'

These amendments are effective for reporting periods beginning on or after 1 January 2020. The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IFRS 3: *Reference to Conceptual Framework*

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations – Reference to the Conceptual Framework*. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 37: *Onerous Contracts – Costs of Fulfilling a Contract*

In May 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 16: *Property, Plant and Equipment: Proceeds before Intended Use*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to The Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting ('the Conceptual Framework') is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

These amendments are effective for annual periods beginning on or after 1 January 2020. They are not expected to have a significant impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 30 June 2020

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 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 include coal trading, and 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), and depreciation and income taxes are managed on a group basis and are not allocated to reportable segments.

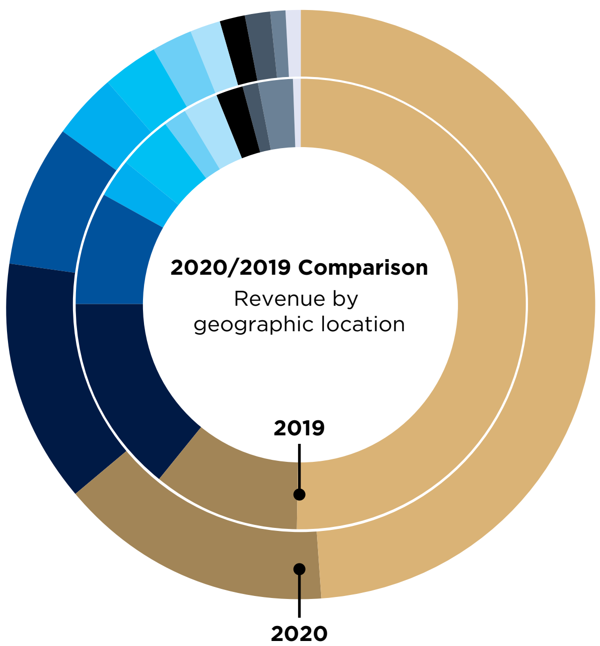
The following table represents revenue, profit and capital expenditure information for reportable segments:

Year ended 30 June 2020	Open Cut Operations $'000	Underground Operations $'000	Unallocated Operations $'000	Total $'000
Revenue				
Sales to external customers	1,040,781	475,820	205,008	1,721,609
Revenue by product type:				
Metallurgical coal	246,434	73,605	–	320,039
Thermal coal	794,347	402,215	205,008	1,401,570
Total revenue from contracts with customers	1,040,781	475,820	205,008	1,721,609
Result				
Segment EBITDA result	212,276	107,655	(13,968)	305,963
Depreciation and amortisation				(224,583)
Income tax expense				(12,294)
Net finance expense				(39,050)
Net profit after tax per consolidated statement of comprehensive income				**30,036**
Capital expenditure				
Segment expenditure	94,832	91,797	61,717	248,346

Year ended 30 June 2019	Open Cut Operations $'000	Underground Operations $'000	Unallocated Operations $'000	Total $'000
Revenue				
Sales to external customers	1,696,424	567,994	223,526	2,487,944
Revenue by product type:				
Metallurgical coal	433,074	101,011	–	534,085
Thermal coal	1,263,350	466,983	223,526	1,953,859
Total revenue from contracts with customers	1,696,424	567,994	223,526	2,487,944
Result				
Segment EBITDA result	777,967	247,531	16,186	1,041,684
Depreciation and amortisation				(224,459)
Income tax expense				(207,970)
Net finance expense				(40,901)
Significant items before income tax and depreciation (see note 2.2)				(40,456)
Net profit after tax per consolidated statement of comprehensive income				**527,898**
Capital expenditure				
Segment expenditure	30,898	62,945	31,729	125,572

Other segment information

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



Revenue by geographic location	2020 $'000	2019 $'000
Japan	844,007	1,255,751
Taiwan	256,089	262,015
Korea	231,217	351,328
India	134,814	201,637
Vietnam	61,888	67,861
Malaysia	51,346	100,267
Philippines	37,786	35,933
China	28,507	66,541
Indonesia	26,593	48,755
New Caledonia	25,291	26,128
Other	10,767	60,952
Domestic	13,304	10,776
Total revenue	**1,721,609**	**2,487,944**

Notes to the consolidated financial statements
For the year ended 30 June 2020

2. Group performance *(cont.)*

2.1 Segment reporting *(cont.)*

Major customers

The Group has three major customers, which account for 28.1% (2019: 29.4%) of external revenue.

Recognition and measurement

The Group recognises sales revenue related to the transfer of promised goods or services when control of the goods or services is transferred to the customer. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled to in exchange for those goods or services.

Sales revenue is recognised on individual sales when control transfers to the customer. The title, risks and rewards, and fulfilment of performance obligation occurs when the product is loaded onto the vessel for delivery to the customer.

The Group sells its products on Free on Board terms where the Group has no responsibility for freight or insurance once control of the goods has passed at the loading port. Under these terms there is only one performance obligation: the provision of goods at the point when control passes to the customer.

The Group's products are sold to customers under contracts that vary in tenure and pricing mechanisms, primarily being monthly or quarterly indexes. Certain sales may be provisionally priced at the date revenue is recognised, however substantially all coal sales are reflected at final prices by the end of the reporting period. The final selling price is based on the price for the quotational period stipulated in the contract.

2.2 Significant items

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

	2020	2019
	$'000	**$'000**
Included within the balances presented on the face of the consolidated statement of comprehensive income:		
Operating expenses		
Rehabilitation expense[1]	–	(40,456)
Depreciation and amortisation		
Accelerated depreciation at Narrabri[2]	–	(12,330)
Significant items before tax	**–**	**(52,786)**
Applicable income tax benefit	–	15,836
Significant items after tax	**–**	**(36,950)**

1 The Group calculates its rehabilitation provisions based on a combination of its own estimates and rehabilitation cost calculators provided by resource regulators. Rehabilitation cost calculators are issued by resource regulators for rehabilitation bonding purposes. During the prior year ended 30 June 2019, the Group transitioned its rehabilitation provision calculations for most sites to the latest rehabilitation cost calculator available from resource regulators. This resulted in an increase in the rehabilitation provisions within the Group of $138.5 million. The rehabilitation provisions will be re-assessed at each reporting date using updated survey results and will incorporate the rehabilitation work undertaken during the period. The increase in the rehabilitation provision at 30 June 2019 for the mines currently in rehabilitation, or approaching rehabilitation was recognised as an 'Operating expense' within the consolidated statement of comprehensive income. The increase in the provision for mines that remain in operation was recognised as an addition to 'Property, Plant & Equipment' within the consolidated statement of financial position.

2 During the year ended 30 June 2019, the Group ordered higher capacity hydraulic cylinders for the longwall roof supports. The new hydraulic cylinders will replace the existing hydraulic cylinders following the change-out of the next longwall panel. As a result, the Group recognised an accelerated depreciation expense in respect of the existing hydraulic cylinders.

2.3 Taxes

a) Income tax expense

	2020	2019
	$'000	$'000
Current tax expense		
Current period	50,365	(186,774)
Deferred tax expense		
Origination and reversal of temporary differences	(61,965)	(27,438)
Adjustments for prior periods	(694)	6,242
Income tax expense reported in the consolidated statement of comprehensive income	**(12,294)**	**(207,970)**
Reconciliation between tax expense and profit before tax		
Profit before tax	**42,330**	**735,868**
Income tax expense using the Company's domestic tax rate of 30% (2019: 30%)	(12,699)	(220,760)
Non-deductible expenses:		
Share-based payments	(1,878)	(2,305)
Other non-deductible expenses	(359)	350
Non-assessable income (acquisition related)	2,326	–
On-market share purchases by employee share scheme trust reimbursed by the Group	1,010	8,503
Over/(under) provided in prior periods	(694)	6,242
Total income tax expense	**(12,294)**	**(207,970)**

b) Income tax recognised directly in other comprehensive income

	2020	2019
	$'000	$'000
Deferred income tax related to items (credited)/charged directly to equity		
Derivatives	(3,087)	1,286
Income tax expense recorded in equity	**(3,087)**	**1,286**

Notes to the consolidated financial statements
For the year ended 30 June 2020

2. Group performance *(cont.)*

2.3 Taxes *(cont.)*

c) Recognised tax assets and liabilities

	2020	2020	2019	2019
	Current income tax receivable	Deferred income tax	Current income tax (payable)	Deferred income tax
	$'000	$'000	$'000	$'000
Opening balance	(288)	(390,068)	–	(198,993)
Charged to income – corporate tax	50,365	(61,997)	(186,774)	(27,438)
Charged to equity	–	(3,087)	–	1,286
Recognition of deferred tax asset on current year losses	(50,365)	50,365	–	–
Utilisation of tax losses	–	–	171,165	(171,165)
Acquisition of a subsidiary (note 6.1)	–	20,561	–	–
Adjustment for prior periods	–	(694)	–	6,242
Payments	13,513	–	15,321	–
Closing balance	13,225	(384,920)	(288)	(390,068)

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

	Assets		Liabilities	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Property, plant and equipment	–	–	(501,359)	(460,817)
Exploration and evaluation	–	–	(51,783)	(30,580)
Receivables	–	–	(5,601)	(6,920)
Inventory	–	–	(1,687)	–
Investments	359	307	–	–
Right-of-use assets and liabilities (net)	–	632	(1,989)	–
Deferred stripping	–	–	(17,623)	(9,954)
Deferred foreign exchange gain	–	120	(2,286)	–
Provisions	89,664	80,908	–	–
Tax losses	112,370	33,273	–	–
Other items	36	2,963	(5,021)	–
Tax assets/(liabilities)	202,429	118,203	(587,349)	(508,271)
Set-off of tax (liabilities)/assets	(202,429)	(118,203)	202,429	118,203
Net tax assets/(liabilities)	–	–	(384,920)	(390,068)

d) Unrecognised deferred tax assets

There were $21,771,000 in unrecognised income tax losses at 30 June 2020 (2019: nil).

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

The 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 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, 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 formed a tax consolidated group with effect from 29 May 2007 and have therefore been 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 its members. 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 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 rely 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 liabilities recognised on the consolidated statement of financial position. Other tax losses and temporary differences not yet recognised may also require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

Notes to the consolidated financial statements

For the year ended 30 June 2020

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:

	2020	2019
Profit attributable to ordinary shareholders		
Net profit attributable to ordinary shareholders ($'000)	30,036	527,898
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July (000's)	992,026	992,026
Effect of shares acquired during the year (000's)	(1,891)	(4,480)
Weighted average number of ordinary shares at 30 June (000's)	**990,135**	**987,546**
Basic earnings per share attributable to ordinary shareholders (cents)	**3.0**	**53.5**

Diluted earnings per share

Diluted earnings per share are 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:

	2020	2019
Profit attributable to ordinary shareholders (diluted)		
Net profit attributable to ordinary shareholders (diluted) ($'000)	30,036	527,898
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic) (000's)	990,135	987,546
Effect of share options/performance rights on issue (000's)	12,869	19,853
Weighted average number of ordinary shares (diluted) (000's)	**1,003,004**	**1,007,399**
Diluted earnings per share attributable to ordinary shareholders (cents)	**3.0**	**52.4**

3. Working capital and cash flows

3.1 Trade and other receivables

	2020	2019
	$'000	**$'000**
Current		
Trade receivables	97,435	113,441
Other receivables and prepayments	19,618	34,347
Receivables due from other investors in joint operations	12,092	7,957
	129,145	**155,745**
Non-current		
Other receivables and prepayments	**9,708**	**10,518**

Recognition and measurement

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

3.2 Inventories

	2020	2019
	$'000	**$'000**
Coal stocks[1]	134,330	114,036
Consumables and stores	41,263	34,903
	175,593	**148,939**

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.

Notes to the consolidated financial statements
For the year ended 30 June 2020

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

3.3 Trade and other payables

	2020	2019
	$'000	**$'000**
Current		
Trade payables	59,892	63,157
Other payables and accruals	129,582	134,574
	189,474	**197,731**
Non-current		
Other payables	**62,111**	–

Non-current other payables relate to deferred consideration payable on the acquisition of EDF Trading Australia Pty Limited which is payable over five years. Refer to note 6.1 for more information.

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. Short term trade and other payables are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. Long-term trade and other payables are discounted to their present value based on expected future cash flows. The unwinding effect of discounting trade and other payables is recorded as a finance cost in the consolidated statement of comprehensive income.

3.4 Reconciliation of cash flows from operating activities

	Note	2020 $'000	2019 $'000
Profit for the period		30,036	527,898
Adjustments for:			
Depreciation and amortisation		224,583	224,459
Amortisation of deferred development costs	*4.1*	81,767	57,946
Development costs deferred	*4.1*	(110,610)	(110,239)
Amortisation of finance facility upfront costs		8,782	6,446
Modification gain on senior debt facility	*5.2*	(8,673)	–
Non-cash interest (expense)/income accruals		4,664	(56)
Foreign exchange losses unrealised		2,172	2,969
Unwinding of discounts on provisions	*4.4*	4,297	2,343
Share-based compensation payments	*5.5(a)*	6,259	7,684
Cash-settled share-based payments		(549)	–
Gain on acquisition of a subsidiary	*6.1*	(6,701)	–
Gain on sale of non-current assets		(1,765)	(1,769)
Subtotal		**234,262**	**717,681**
Change in trade and other receivables		18,110	(45,855)
Change in inventories and deferred stripping		(40,514)	(23,984)
Change in trade and other payables		(43,170)	29,120
Change in provisions and employee benefits		(21,033)	46,844
Change in tax payable		(13,458)	288
Change in deferred taxes		12,239	192,360
Cash flows from operating activities		**146,436**	**916,454**

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 are 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 2020	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 2019	107,489	933,454	500,772	3,166,337	**4,708,052**	406,345	2,068,955	**2,475,300**	**7,183,352**
Additions	35,621	144,745	258,253	22,904	**461,523**	110,610	427,785	**538,395**	**999,918**
PPE acquired as part of subsidiary acquisition	968	28,321	142	35,416	**64,847**	26,071	–	**26,071**	**90,918**
Disposals	–	(17,953)	(144,228)	–	**(162,181)**	(75,669)	–	**(75,669)**	**(237,850)**
Balance at 30 June 2020	144,078	1,088,567	614,939	3,224,657	**5,072,241**	467,357	2,496,740	**2,964,097**	**8,036,338**
Accumulated depreciation									
Balance at 1 July 2019	–	(375,735)	(255,415)	(511,536)	**(1,142,686)**	(163,018)	(2,035,776)	**(2,198,794)**	**(3,341,480)**
Depreciation charge for the year	–	(54,799)	(80,705)	(96,544)	**(232,048)**	(81,767)	(402,219)	**(483,986)**	**(716,034)**
Disposals	–	17,953	82,548	–	**100,501**	75,669	–	**75,669**	**176,170**
Balance at 30 June 2020	–	(412,581)	(253,572)	(608,080)	**(1,274,233)**	(169,116)	(2,437,995)	**(2,607,111)**	**(3,881,344)**
Carrying amount at 30 June 2020	144,078	675,986	361,367	2,616,577	**3,798,008**	298,241	58,745	**356,986**	**4,154,994**

Year ended 30 June 2019	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 2018	109,960	877,001	474,449	2,994,501	**4,455,911**	296,106	1,672,090	**1,968,196**	**6,424,107**
Additions	964	59,258	58,687	168,225	**287,134**	110,239	396,865	**507,104**	**794,238**
Transfers	–	1,192	–	(1,192)	**–**	–	–	**–**	**–**
PPE acquired as part of Tarrawonga acquisition	–	–	–	4,803	**4,803**	–	–	**–**	**4,803**
Disposals	(3,435)	(3,997)	(32,364)	–	**(39,796)**	–	–	**–**	**(39,796)**
Balance at 30 June 2019	107,489	933,454	500,772	3,166,337	**4,708,052**	406,345	2,068,955	**2,475,300**	**7,183,352**
Accumulated depreciation									
Balance at 1 July 2018	–	(322,488)	(177,956)	(421,176)	**(921,620)**	(105,072)	(1,650,657)	**(1,755,729)**	**(2,677,349)**
Depreciation charge for the year	–	(56,030)	(89,009)	(91,552)	**(236,591)**	(57,946)	(385,119)	**(443,065)**	**(679,656)**
Disposals	–	3,975	11,550	–	**15,525**	–	–	**–**	**15,525**
Transfers	–	(1,192)	–	1,192	**–**	–	–	**–**	**–**
Balance at 30 June 2019	–	(375,735)	(255,415)	(511,536)	**(1,142,686)**	(163,018)	(2,035,776)	**(2,198,794)**	**(3,341,480)**
Carrying amount at 30 June 2019	107,489	557,719	245,357	2,654,801	**3,565,366**	243,327	33,179	**276,506**	**3,841,872**

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

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

Leased plant & equipment disclosures

All right-of-use assets recognised as 'Leased plant and equipment' above in note 4.1 relate to the plant and equipment classification.

The cost relating to variable lease payments – that do not depend on an index or a rate – amounted to $37,545,000 in the year ended 30 June 2020 (2019: $34,243,000).

The cost relating to leases with a contract term of less than twelve months amounted to $9,823,000 for the year ended 30 June 2020 (2019: $9,124,000).

A maturity analysis of lease liabilities is shown in note 5.3(c).

For future payments payable under leases which are in place at the reporting date, refer to note 7.3(b).

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. 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 units of production basis for mine specific assets, including mining property and development, deferred development and deferred stripping.

All remaining assets are depreciated on a straight line basis at the rates indicated below. Depreciation commences on assets when they are deemed capable of operating in the manner intended by management.

– Freehold land	Not depreciated
– Plant and equipment	2%–50%
– Leased plant and equipment	3%–20%
– Mining property and development, deferred development and deferred stripping	Units of production

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

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

Mining property and development

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

The costs of dismantling and site rehabilitation are capitalised, if the recognition criteria is met and included within mining property and development.

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

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on the right to use or control an identified asset for a period of time, in exchange for consideration.

At the commencement date of the lease, the Group recognises a lease liability and a corresponding right of use asset. The lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset.

The right of use asset is depreciated to the earlier of the asset's useful life or the lease term using the straight line method and is recognised in the statement of comprehensive income in depreciation and amortisation. Where the lease transfers ownership of the underlying asset to the Group by the end of the lease term, the right of use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

The unwinding of the financial charge on the lease liability is recognised in the statement of comprehensive income in financial expenses, and is based on the implied interest rate or, if used, the Group's incremental borrowing rate.

The Group does not recognise leases that have a lease term of 12 months or less, or are of low value, as a right of use asset or lease liability. Lease payments associated with these leases are recognised as an expense in the consolidated statement of comprehensive income in operating expenses on a straight line basis over the lease term.

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. This expenditure is 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 (CGU).

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, the 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, and which are largely independent of the cash inflows of other assets or groups of assets – the CGU. The recoverable amount of an asset or CGU 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 CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

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

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

Significant accounting judgements, estimates and assumptions

Recoverable amount of assets

At the end of each period, the Group assesses 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 CGUs and individual assets are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions.

Expected future cash flows used to determine the recoverable value of tangible assets are inherently uncertain and could materially change over time. They are 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 possible that these assumptions may change, which could impact the estimated life of a mine and result in a material adjustment to the carrying value of tangible assets.

The recoverable amount of CGUs are sensitive to the below key assumptions.

- Coal price: the coal prices applied are based on a consideration of third party forecasts and management estimates.
- Discount rate: the discount rate is derived using the weighted average cost of capital methodology adjusted for any risks that are not reflected in the underlying cash flows. A real pre-tax discount rate of 11% was applied to pre-tax cash flows.

Material changes in circumstances may affect the assumptions used to determine recoverable amount of CGUs and could result in an impairment of tangible assets being recognised at future reporting dates.

The determination of recoverable value for a CGU is considered to be a Level 3 fair value measurement, as it is derived from valuation techniques that include inputs not based on observable market data. The Group considers the inputs and 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 on interpretations of geological and geophysical models, which require assumptions to be made of 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, as well as provision for rehabilitation and the amount charged for amortisation and depreciation.

4.2 Exploration and evaluation

Exploration and evaluation assets	$'000
Balance at 1 July 2019	547,089
Exploration and evaluation assets acquired as part of subsidiary acquisition	949
Exploration and evaluation expenditure	43,305
Balance at 30 June 2020	**591,343**
Balance at 1 July 2018	508,552
Exploration and evaluation expenditure	38,537
Balance at 30 June 2019	**547,089**

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 that 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 CGUs.

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. Resource assets and liabilities *(cont.)*

4.3 Intangible assets

	Water access rights	Rail access rights[1]	Total
	$'000	**$'000**	**$'000**
Balance at 1 July 2019	10,232	11,118	21,350
Additions	1,380	–	1,380
Intangible assets acquired as part of subsidiary acquisition	216		216
Balance at 30 June 2020	**11,828**	**11,118**	**22,946**
Balance at 1 July 2018	11,082	11,118	22,200
Additions	323	–	323
Disposals	(1,173)	–	(1,173)
Balance at 30 June 2019	**10,232**	**11,118**	**21,350**

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

Movement in mine rehabilitation and biodiversity obligations provisions	**$'000**
Balance at 1 July 2019	290,204
Payments made on rehabilitation and biodiversity activities	(23,024)
Rehabilitation provision acquired as part of acquisition of subsidiary	1,643
Change in cost estimates	(2,993)
Unwinding of discount	4,297
Balance at 30 June 2020	**270,127**

	2020	2019
	$'000	**$'000**
Current	10,083	29,985
Non-current	260,044	260,219
Balance at 30 June	**270,127**	**290,204**

Under the terms of its mining licenses and project approvals, the Group is required to comply with certain rehabilitation and biodiversity obligations. The Group maintains provisions for these rehabilitation and biodiversity requirements. The Group continues to assess estimates of these obligations as further developments occur and additional commitments arise that may be required to settle its obligations. However, based on current estimates, any potential changes to these obligations and commitments in addition to those already recognised in the financial statements are not financially significant to the Group.

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 assets 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.

Biodiversity obligations

The Group has, under the terms of certain mining licenses, obligations to perform works to establish or upgrade biodiversity offset areas and to set aside and maintain those areas. Provisions are made for the estimated cost of the Group's biodiversity obligations based on current estimates of certain activities that the Group has committed to perform. These costs are discounted to their present value based on expected future cash flows. The provision is recognised as a liability with a corresponding asset included in mining property and development assets. 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 via the units of production method.

Significant accounting judgements, estimates and assumptions

Significant estimates and assumptions are made in determining the provision for mine rehabilitation and biodiversity as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities and biodiversity, 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 and biodiversity costs required.

5. Capital structure and financing

5.1 Loans and borrowings

	2020	2019
	$'000	$'000
Current liabilities		
Lease liabilities	81,977	76,532
Secured loans – ECA facility	11,908	11,908
Capitalised borrowing costs	(12,332)	(6,712)
	81,553	**81,728**
Non-current liabilities		
Senior bank facility	638,000	160,000
Lease liabilities	264,628	164,992
Secured loans – ECA facility	56,207	16,444
Capitalised borrowing costs	(15,827)	(7,907)
	943,008	**333,529**
	1,024,561	**415,257**
Financing facilities	1,414,720	1,269,876
Facilities utilised at reporting date	1,052,720	429,876
Facilities not utilised at reporting date	362,000	840,000

Financing activities during the financial year

During the current year, the Group refinanced its senior bank debt facility with a syndicate of Australian and international banks. The new facility is a senior secured syndicated revolving corporate debt facility with an aggregate limit of A$1.0 billion and is able to be utilised for general corporate purposes with bilateral bank guarantee capacity. The term has been extended to now mature in July 2023.

During the current year, $120 million of debt drawn under the senior bank facility was repaid (30 June 2019: $525 million) and $598 million was redrawn (30 June 2019: $410 million). The Group repaid $11.9 million of the ECA facility during the year (30 June 2019: $11.9 million). During the current year, a new ECA facility was entered into and in May 2020, $51.7 million of this facility was drawn down. The senior bank facility and the ECA facilities are secured via a fixed and floating charge over the majority of the Group's assets. Under the facility, the Group is subject to compliance with gearing, net worth and interest coverage financial covenants.

Included within current and non-current lease liabilities are leases recognised in accordance with AASB 16 *Leases* of $39,605,000 and $90,708,000 respectively (30 June 2019: $54,563,000 and $79,548,000 respectively). Lease liabilities are secured over the leased assets to which they relate.

The fair values of loans and borrowings materially approximate their respective carrying values as at 30 June 2020 and 30 June 2019.

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.

Refer to note 4.1 for the recognition and measurement policy for lease liabilities.

5.2 Finance income and expense

	2020 $'000	2019 $'000
Recognised in the statement of comprehensive income		
Interest income	957	2,092
Financial income	**957**	**2,092**
Interest expense on lease liabilities	(11,786)	(12,901)
Interest on drawn debt facility	(13,209)	(8,620)
Other financing costs	(11,942)	(13,434)
Interest and financing costs	(36,937)	(34,955)
Net interest expense	(35,980)	(32,863)
Unwinding of discounts on provisions	(4,297)	(2,343)
Amortisation of finance facility upfront costs	(7,446)	(5,695)
Modification gain on senior debt facility[1]	8,673	–
Other financial expenses	(3,070)	(8,038)
Net financial expense	**(39,050)**	**(40,901)**
Recognised directly in equity		
Net change in cash flow hedges	10,289	(4,287)
Income tax effect	(3,087)	1,286
Financial income recognised directly in other comprehensive income, net of tax	**7,202**	**(3,001)**

1 During the current year, the Group refinanced its senior debt facility. In accordance with AASB 9, the net present value of the financial liability is required to be recalculated when the contractual terms are renegotiated or otherwise modified. As the net present value of the financial liability did not change by more than 10%, a gain on modification was recognised in the consolidated statement of comprehensive income.

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.

Notes to the consolidated financial statements

For the year ended 30 June 2020

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

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 its financial performance. Financial risk management is carried out centrally by Group Treasury and monitored by the Group's Audit and Risk Management Committee under policies approved by the Board of Directors. The Committee reports regularly to the Board on its activities and also reviews policies and systems regularly to reflect changes in market conditions and the 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 the total shareholders' equity and debt. The Board manages its capital structure and makes adjustments in light of changes to 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, seek waivers or restructure its arrangements with its financiers 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.

	2020	2019
	$'000	$'000
Interest-bearing loans and borrowings	1,024,561	415,257
Less cash and cash equivalents	(106,760)	(119,531)
Net debt	**917,801**	**295,726**
Equity	3,249,590	3,522,200
Equity and net debt	**4,167,391**	**3,817,926**
Gearing ratio[1]	22%	8%

1 Calculated including lease liabilities recognised upon adoption of AASB 16 *Leases* of $130,313,000 (2019: $134,111,000).

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 2020, a net foreign exchange loss of $3.5 million was recognised (2019: net foreign exchange loss of $2.4 million).

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 2020 was $7.5 million asset (2019: $2.7 million liability), comprising assets and liabilities that were recognised as derivatives.

At 30 June 2020, the Group had the following financial instruments that were not designated in cash flow hedges that were exposed to foreign currency risk.

	2020	2019
	$'000 USD	$'000 USD
Cash and cash equivalents	17,082	53,521
Trade and other receivables	12,675	13,062
Trade and other payables	(4,855)	(9,394)
Net statement of financial position exposure	24,902	57,189

The following exchange rates applied during the year.

	Average rate		Reporting date spot rate	
Fixed-rate instruments	**2020**	**2019**	**2020**	**2019**
USD	0.6714	0.7156	0.6863	0.7013

Sensitivity analysis

A change of 10% in the Australian dollar against the following currencies at 30 June would have increased/(decreased) equity and pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

	Equity	Profit or (loss)
	$'000	$'000
30 June 2020		
AUD:USD strengthening by 10%	(2,674)	(3,299)
AUD:USD weakening by 10%	3,268	4,032
30 June 2019		
AUD:USD strengthening by 10%	(6,161)	(7,692)
AUD:USD weakening by 10%	7,528	9,401

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

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

c) Risk exposures and responses *(cont.)*

Market risk – interest rate risk

The Group's borrowings comprise both variable and fixed rate instruments. The variable rate borrowings expose the Group to the 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.

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

	Carrying amount	
	2020	**2019**
	$'000	**$'000**
Fixed rate instruments		
Lease liabilities	(346,605)	(241,524)
	(346,605)	**(241,524)**
Variable rate instruments		
Financial assets	106,760	119,531
Financial liabilities	(706,116)	(188,352)
	(599,356)	**(68,821)**
Net exposure	(945,961)	(310,345)

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 2019.

	Equity	Profit or (loss)
	$'000	**$'000**
30 June 2020		
100bp increase	–	(5,994)
100bp decrease	–	5,994
30 June 2019		
100bp increase	21	(688)
100bp decrease	(22)	688

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 is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financial assets, including trade receivables, deposits with banks and other financial institutions, foreign exchange transactions and other financial instruments. Maximum exposure is 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	
		2020	**2019**
	Note	**$'000**	**$'000**
Cash and cash equivalents		106,760	119,531
Trade and other receivables	*3.1*	97,435	113,441
Derivative financial instruments	*5.3(d)*	8,286	47
Investments		37	37
		212,518	233,056

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

Asia	76,713	87,411
Europe	13,524	21,867
Australia	7,198	4,163
	97,435	113,441

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 28.1% of the Group's revenue is attributable to sales transactions with three customers (2019: 29.4% with three customers).

The Group trades only with recognised, creditworthy third parties and generally does not require collateral with respect to 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 2020 (2019: $nil).

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

	Gross	Gross
	2020	**2019**
	$'000	**$'000**
Not past due	95,953	110,938
Past due 0–30 days	1,351	2,492
Past due 31–120 days	131	11
Past due 121 days to one year	–	–
More than one year	–	–
	97,435	113,441

Notes to the consolidated financial statements

For the year ended 30 June 2020

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

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

c) Risk exposures and responses *(cont.)*

Guarantees

The policy of the Group is to provide bank guarantees for bonding requirements associated with the mining operations, infrastructure assets and other purposes such as security of leased premises. Guarantees are provided under the senior secured bank facility, secured bilateral bank guarantee facilities and unsecured bank facilities. Details of outstanding guarantees are provided in note 7.4.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet all expected operational expenses as and when due, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	30 June 2020						
	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							
Lease liabilities	346,605	396,920	47,169	47,090	83,203	176,637	42,821
Senior bank facility	638,000	638,000	–	–	–	638,000	–
Secured loans	68,115	74,113	5,796	5,805	11,099	30,170	21,243
Trade and other payables	251,585	254,015	189,597	–	16,176	48,242	–
Forward exchange contracts:							
Outflow	150,862	149,360	107,160	26,267	15,933	–	–
Inflow	(158,403)	(158,403)	(113,969)	(28,258)	(16,176)	–	–
	1,296,764	1,354,005	235,753	50,904	110,235	893,049	64,064

	30 June 2019						
	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							
Lease liabilities	241,524	285,649	46,477	39,831	63,036	90,389	45,916
Senior bank facility	160,000	160,000	–	–	–	160,000	–
Secured loans	28,352	30,849	6,512	6,373	4,190	10,238	3,536
Trade and other payables	197,731	197,731	197,731	–	–	–	–
Forward exchange contracts:							
Outflow	198,117	197,267	173,407	23,860	–	–	–
Inflow	(195,430)	(196,280)	(172,295)	(23,985)	–	–	–
	630,294	675,216	251,832	46,079	67,226	260,627	49,452

d) Net fair values

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2020 and 30 June 2019.

- Level 1 – measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – measurements based on 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 2020	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets measured at fair value				
Equity shares	37	–	–	37
Forward exchange contracts – receivable	8,286	–	8,286	–
	8,323	–	8,286	37
Liabilities measured at fair value				
Forward exchange contracts – payable	(824)	–	(824)	–
Interest rate swaps – payable	–	–	–	–
	(824)	–	(824)	–

	30 June 2019	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets measured at fair value				
Equity shares	37	–	–	37
Forward exchange contracts – receivable	47	–	47	–
	84	–	47	37
Liabilities measured at fair value				
Forward exchange contracts – payable	(2,734)	–	(2,734)	–
Interest rate swaps – payable	(140)	–	(140)	–
	(2,874)	–	(2,874)	–

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. During the period the Group entered into forward exchange contracts to hedge some foreign exchange risk. A number of these contracts remained open at 30 June 2020.

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 notes 3.1, 3.3 and 5.1 to the financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2020

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

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

e) Financial assets and liabilities by categories

		2020		2019	
		Amortised cost	Other[1]	Amortised cost	Other[1]
	Note	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents		106,760	–	119,531	–
Trade and other receivables	*3.1*	138,853	–	166,263	–
Investments		–	37	–	37
Other financial assets[1]	*5.3(d)*	–	8,286	–	47
Total financial assets		**245,613**	**8,323**	**285,794**	**84**

1 Other financial assets include $8.3 million (2019: $0.1 million) relating to derivatives in designated hedges.

		2020		2019	
		Amortised cost[1]	Other[2]	Amortised cost[1]	Other[2]
	Note	$'000	$'000	$'000	$'000
Financial liabilities					
Trade and other payables	*3.3*	251,585	–	197,731	–
Loans and borrowings	*5.1*	1,024,561	–	415,257	–
Other financial liabilities[2]	*5.3(d)*	–	824	–	2,874
Total financial liabilities		**1,276,146**	**824**	**612,988**	**2,874**

1 Loans at amortised cost are non-derivatives with fixed or determinable payments and are not quoted on an active market. Loans and payables are valued at amortised cost.

2 Other financial liabilities include $0.8 million (2019: $2.9 million) relating to derivatives in designated hedges.

f) Changes in liabilities arising from financing activities

	30 June 2020	30 June 2019
	$'000	$'000
As at 1 July	429,876	607,476
Outflows from secured loans	(11,908)	(11,908)
Outflows from lease liabilities	(79,768)	(93,116)
Inflows/(outflows) from senior bank facility	478,000	(115,000)
Increase in secured loans	51,671	–
Increase in lease liabilities	184,849	42,424
As at 30 June	**1,052,720**	**429,876**
Consisting of:		
Current loans and borrowings[1]	**93,885**	**88,440**
Non-current loans and borrowings[2]	**958,835**	**341,436**

1 Current loans and borrowings does not include capitalised borrowing costs of $12,332,000 (2019: $6,712,000).

2 Non-current loans and borrowings does not include capitalised borrowing costs of $15,827,000 (2019: $7,907,000).

The Group classifies interest paid as cash flows from operating activities.

Recognition and measurement

Financial assets

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income, or profit or loss) and those to be held at amortised cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Group measures a financial asset at its fair value.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments.

All financial liabilities are recognised initially at fair value.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Derivatives and hedge accounting:

The Group uses derivative financial instruments to hedge its risks associated with foreign currency and interest rate fluctuations arising from operating activities. Such derivative financial instruments are initially recognised at fair value as at the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash flow hedges:

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve. 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 when the forecast transaction occurs. Hedge accounting is discontinued prospectively when a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting. The cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction occurs.

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

5.4 Share capital and reserves

a) Share capital

	2020		2019	
	No. of shares	$'000	No. of shares	$'000
Fully paid ordinary share capital	1,026,045,885	3,003,964	1,026,045,885	2,980,933
Ordinary share capital at the beginning of the period	1,026,045,885	2,980,933	1,026,045,885	2,993,458
Transfer of shares by share plan	–	26,392	–	15,814
Shares purchased by share plan	–	(3,361)	–	(28,339)
Ordinary share capital at the end of the period	**1,026,045,885**	**3,003,964**	**1,026,045,885**	**2,980,933**

At 30 June 2020, a trust on behalf of the Company held 1,591,838 ordinary fully paid shares in the Company (30 June 2019: 5,337,876). During the year, 5,246,038 of these shares were transferred to performance rights plan recipients and 1,500,000 purchased by the share plan. 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.

c) Dividends

Dividends of $312,197,000 were paid to shareholders during the year ended 30 June 2020 (2019: $464,854,000).

The Directors resolved not to pay a final dividend with respect to the year ended 30 June 2020.

Dividend franking account

As at 30 June 2020, $0.2 million in franking credits were available to shareholders of Whitehaven Coal Limited (2019: $15.1 million).

5.5 Share-based payments

a) Recognised share-based payment expenses

	2020	2019
Employee expenses	**$'000**	**$'000**
Share options and performance rights – senior employees	6,259	7,684

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 to the CEO and senior employees under the Company's medium and long term incentive (MTI and LTI) programs in FY19 and FY20. The terms and conditions of the grant are as follows.

	2020		2019	
Performance rights	**Number of instruments**	**Vesting and expiration date**	**Number of instruments**	**Vesting and expiration date**
MTI	1,173,680	30 June 2022	397,596	30 June 2021
LTI tranche 1	492,613	30 June 2022	337,300	30 June 2021
LTI tranche 2	492,595	30 June 2023	337,294	30 June 2022
LTI tranche 3	985,190	30 June 2022/23[1]	674,571	30 June 2021/22[1]
Total	3,144,078		1,746,761	

1 To the extent that the Costs Hurdle Award is satisfied at the end of the year of testing, 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 are subject to a performance measure linked to relative total shareholder return (TSR) and a costs hurdle. The TSR performance measure compares the TSR performance of the Company with the TSR performance of a peer group of companies operating in the Australian resources sector. The costs hurdle performance measure relates to the Company's achieving a defined cost per tonne target. Detailed disclosures of LTI outcomes against the target are provided in the Remuneration Report.

The table below details the outcomes of MTI awards that were tested in FY20 (or for which the test period concluded on 30 June 2020) and the results of the relevant test.

		Outcomes		
MTI Year	**Test Type**	**Performance**	**Vested**	**Lapsed**
2017	Relative TSR	20th in 22	0%	100%
2017	Costs Target Hurdle	$75/tonne	0%	100%

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

5.5 Share-based payments *(cont.)*

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
	2020	**2020**	**2019**	**2019**
Outstanding at beginning of period	$0.64	20,646,332	$0.58	22,952,635
Exercised during the period	$0.32	(5,200,653)	$0.00	(4,041,556)
Granted during the period	$0.00	3,781,554[1]	$0.00	2,183,658[2]
Forfeited during the period	$0.00	–	$0.00	(89,819)
Lapsed during the period	$0.66	(4,996,569)	$0.00	(358,586)
Outstanding at 30 June	$0.59	14,230,664	$0.64	20,646,332
Exercisable at 30 June	$0.00	1,012,730	$0.00	882,319

1 Includes 637,476 performance rights granted during the year under the FY19 STI scheme.
2 Includes 436,897 performance rights granted during the year under the FY18 STI scheme.

The outstanding balance as at 30 June 2020 is represented by:

i) 1,360,175 options over ordinary shares having an exercise price of $1.21, exercisable between 30 June 2020 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) 186,615 performance rights over ordinary shares having an exercise price of nil, exercisable between 26 August 2020 and 13 August 2025
iv) 1,351,083 performance rights over ordinary shares having an exercise price of nil, exercisable between 26 August 2020 and 31 August 2026
v) 3,156,731 performance rights over ordinary shares having an exercise price of nil, exercisable between 26 August 2020 and 27 October 2027
vi) 2,046,478 performance rights over ordinary shares having an exercise price of nil, exercisable between 26 August 2020 and 27 October 2028
vii) 3,781,554 performance rights over ordinary shares having an exercise price of nil, exercisable between 26 August 2020 and 28 October 2029

During the year ended 30 June 2020, 1,360,181 share options and 3,840,472 performance rights were exercised (2019: nil).

The weighted average remaining contractual life of share options and performance rights outstanding at 30 June 2020 is 6.3 years (2019: 5.7 years).

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 2020 and 30 June 2019.

	Rights					
2020	**MTI**	**MTI**	**LTI**	**LTI**	**LTI**	**LTI**
Performance hurdle	TSR	Cost	TSR	TSR	Cost	Cost
Grant date	15 Nov 19	15 Nov 19	15 Nov 19	15 Nov 19	15 Nov 19	15 Nov 19
Vesting date	30 Jun 22	30 Jun 22	30 Jun 22	30 Jun 23	30 Jun 22	30 Jun 23
Fair value at grant date	$1.98	$3.43	$1.99	$2.10	$3.43	$3.43
Share price	$3.15	$3.15	$3.15	$3.15	$3.15	$3.15
Expected volatility	30%	30%	30%	30%	30%	30%
Performance Right life	10 years	10 years	10 years	10 years	10 years	10 years
Risk-free interest rate	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%

	Rights					
2019	**MTI**	**MTI**	**LTI**	**LTI**	**LTI**	**LTI**
Performance hurdle	TSR	Cost	TSR	TSR	Cost	Cost
Grant date	27 Oct 18	27 Oct 18	27 Oct 18	27 Oct 18	27 Oct 18	27 Oct 18
Vesting date	30 Jun 21	30 Jun 21	30 Jun 21	30 Jun 22	30 Jun 21	30 Jun 22
Fair value at grant date	$2.98	$5.07	$2.99	$3.15	$5.07	$5.07
Share price	$4.81	$4.81	$4.81	$4.81	$4.81	$4.81
Expected volatility	30%	30%	30%	30%	30%	30%
Performance Right life	10 years	10 years	10 years	10 years	10 years	10 years
Risk-free interest rate	2.0%	2.0%	2.0%	2.1%	2.0%	2.1%

All shared-based payments for existing employees are equity settled.

Notes to the consolidated financial statements

For the year ended 30 June 2020

6. Group structure

6.1 Acquisition of business

Acquisitions in the year ended 30 June 2020

On 31 December 2019, the Group completed the acquisition of EDF Trading Australia Pty Limited which owns a 7.5% interest in the Narrabri Coal Project Joint Venture. The acquisition had an effective date of 1 July 2019 and brings Whitehaven's ownership interest in the Narrabri Coal Project Joint Venture to 77.5%. The completion of the acquisition triggered pre-emptive rights in favour of each of the Narrabri Joint Venture participants (including Whitehaven). All participants have elected not to exercise their rights.

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	17,640
Deferred consideration[1]	81,156
Total consideration	**98,796**
Cash acquired as part of the acquisition	(1,029)
Net cash flow on acquisition[2]	**16,611**

1 Deferred consideration on the acquisition of EDF Trading Australia Pty Limited of US$55 million is payable over five years and is not contingent.

2 Other acquisition related payments of $3,068,000 were made during the year ended 30 June 2020.

b) Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of EDF Trading Australia Pty Limited at 1 July 2019, the effective date of acquisition were as follows:

	Fair value recognised on acquisition
	$'000
Assets	
Cash and cash equivalents	1,029
Trade and other receivables	2,036
Inventory	5,622
Deferred tax asset	20,561
Property, plant and equipment	90,918
Exploration and evaluation	949
Intangible assets	216
	121,331
Liabilities	
Trade and other payables	(14,191)
Provision for rehabilitation costs	(1,643)
	(15,834)
Total identifiable net assets at fair value	**105,497**
Total consideration	**98,796**
Gain on acquisition	6,701
Acquisition related costs	(6,679)

Total tax losses (tax effected at 30%) transferred from EDF Trading Australia Pty Limited were $50,532,000. The Group recognised $28,761,000 of these losses and $21,771,000 remained unrecognised.

c) Impact of the acquisition on the results of the Group

From the effective date of acquisition, EDF Trading Australia Pty Limited contributed $45,833,000 of revenue and $3,412,000 of profit before tax for the Group, as disclosed in the consolidated statement of comprehensive income for the year ended 30 June 2020.

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	
	2020	**2019**		**2020**	**2019**
Parent entity Whitehaven Coal Limited					
Subsidiaries					
Whitehaven Coal Mining Limited[1]	100%	100%	Maules Creek Coal Pty Ltd[1]	100%	100%
Namoi Mining Pty Ltd[1]	100%	100%	Boardwalk Resources Limited[1]	100%	100%
Namoi Agriculture & Mining Pty Ltd	100%	100%	Boardwalk Coal Management Pty Ltd[1]	100%	100%
Betalpha Pty Ltd[1]	100%	100%	Boardwalk Coal Marketing Pty Ltd[1]	100%	100%
Tarrawonga Coal Pty Ltd[1]	100%	100%	Boardwalk Sienna Pty Ltd[1]	100%	100%
Tarrawonga Coal Sales Pty Ltd[2]	100%	100%	Boardwalk Monto Pty Ltd[1]	100%	100%
Whitehaven Coal Holdings Pty Ltd[1]	100%	100%	Boardwalk Dingo Pty Ltd[1]	100%	100%
Whitehaven Coal Infrastructure Pty Ltd[1]	100%	100%	Boardwalk Ferndale Pty Ltd[1]	100%	100%
Narrabri Coal Australia Pty Ltd[2,3]	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%
Whitehaven WS Pty Ltd[2]	100%	100%	Vickery South Pty Ltd[1]	100%	100%
Aston Resources Limited[1]	100%	100%	Vickery Coal Pty Ltd[2]	100%	100%
Aston Coal 2 Pty Ltd[1]	100%	100%	Winchester South WS Pty Ltd	100%	100%
Aston Coal 3 Pty Ltd[1]	100%	100%	Winchester South Coal Operations Pty Ltd[2]	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.

2 These subsidiaries entered into a Class Instrument 2016/785 dated 24 June 2020 and related deed of cross guarantee with Whitehaven Coal Limited. Refer to note 6.5 for further information.

3 During the financial year ended 30 June 2020 the Group acquired EDF Trading Australia Pty Limited, which owns a 7.5% interest in the Narrabri Coal Project Joint Venture. Upon completion of the acquisition, the entity was renamed to Narrabri Coal Australia Pty Ltd.

6. Group structure *(cont.)*

6.2 Group's subsidiaries *(cont.)*

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 accounted for in the consolidated financial statements using the equity method:

		Ownership interest and voting rights	
	Country of incorporation	**2020**	**2019**
Narrabri Coal Joint Venture[1,2]		77.5%	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%
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 2020, the Group completed the acquisition of EDF Trading Australia Pty Limited which owns a 7.5% interest in the Narrabri Coal Project Joint Venture. Refer to note 6.1.

2 These entities have been classified as joint operations under AASB 11 *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 AASB 11 *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 consolidated financial statements of the Group include its share of the assets and liabilities, revenues and expenses arising jointly or otherwise from those operations, and its revenue derived from the sale of its share of goods and services from the joint operation. All such amounts are measured in proportion to the Group's interest in 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 program 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	
	2020	**2019**
Information relating to Whitehaven Coal Limited	**$'000**	**$'000**
Current assets	315,415	692,782
Total assets	**3,406,886**	**3,744,008**
Current liabilities	–	–
Total liabilities	**–**	**–**
Issued capital	3,136,412	3,136,412
Retained earnings	255,221	590,687
Share-based payments reserve	15,253	16,909
Total shareholders' equity	**3,406,886**	**3,744,008**
Profit/(loss) of the parent entity	(3,950)	734,328
Total comprehensive income/(loss) of the parent entity	(3,950)	734,328

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 the 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 of any debt in full 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, 25 June 2013 and 24 June 2020.

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 ('Closed Group') after eliminating all transactions between parties to the Deed.

Notes to the consolidated financial statements
For the year ended 30 June 2020

6. Group structure *(cont.)*

6.5 Deed of cross guarantee *(cont.)*

	Closed Group	
	2020	**2019**
Statement of comprehensive income	**$'000**	**$'000**
Profit before tax	40,830	735,868
Income tax expense	(12,294)	(207,970)
Profit after tax	**28,536**	**527,898**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net movement on cash flow hedges	10,289	(4,287)
Income tax effect	(3,087)	1,286
Other comprehensive income for the period, net of tax	**7,202**	**(3,001)**
Total comprehensive income for the period, net of tax	**35,738**	**524,897**
Statement of financial position		
Assets		
Cash and cash equivalents	106,636	119,407
Trade and other receivables	131,117	518,183
Inventories	175,593	148,939
Current tax receivable	13,180	–
Derivative financial instruments	8,286	47
Total current assets	**434,812**	**786,576**
Trade and other receivables	9,708	10,518
Investments	37	37
Property, plant and equipment	4,154,697	3,841,575
Exploration and evaluation	591,343	186,427
Intangible assets	22,946	21,350
Total non-current assets	**4,778,731**	**4,059,907**
Total assets	**5,213,543**	**4,846,483**

	Closed Group	
	2020	2019
Statement of financial position	**$'000**	**$'000**
Liabilities		
Trade and other payables	189,426	196,028
Loans and borrowings	81,553	81,728
Employee benefits	30,430	26,510
Income tax payable	–	288
Provisions	10,083	29,985
Derivative financial instruments	824	2,874
Total current liabilities	**312,316**	**337,413**
Non-current liabilities		
Other payables	62,111	–
Loans and borrowings	943,008	333,529
Deferred tax liabilities	384,920	390,068
Provisions	260,044	260,219
Total non-current liabilities	**1,650,083**	**983,816**
Total liabilities	**1,962,399**	**1,321,229**
Net assets	**3,251,144**	**3,525,254**
Issued capital	3,001,564	2,978,429
Share-based payments reserve	15,253	16,909
Hedge reserve	5,223	(1,979)
Retained earnings	229,104	531,895
Equity	**3,251,144**	**3,525,254**

6.6 Related parties

	2020	2019
Compensation to Executive KMP and Non-Executive Directors of the Group	**$'000**	**$'000**
Short-term employee benefits	6,480	6,444
Contributions to superannuation plans	294	258
Termination benefits	935	–
Share-based compensation payments	3,664	3,848
Total compensation	**11,373**	**10,550**

Notes to the consolidated financial statements
For the year ended 30 June 2020

7. Other notes

7.1 Employee benefits

	2020	2019
Consolidated Statement of Comprehensive Income	**$'000**	**$'000**
Wages and salaries	186,490	169,971
Contributions to superannuation plans	12,265	10,947
Other associated personnel expenses	7,847	6,228
Increase in liability for annual leave	3,062	2,365
Increase/(decrease) in liability for long service leave	(549)	436
Share-based compensation payments	6,259	7,684
	215,374	**197,631**
Consolidated Statement of Financial Position		
Salaries and wages accrued	9,562	8,156
Liability for long service leave	318	867
Liability for annual leave	20,550	17,487
	30,430	**26,510**

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 – that is, at undiscounted amounts based on remuneration wage and salary rates including related on-costs, such as workers compensation insurance and payroll tax.

Long-term service benefits

Liabilities for long-service leave and other long-term benefits are recognised and measured at the present value of the estimated future cash outflows resulting from employees' services provided up to the reporting date. Long term benefits not expected to be settled within twelve months are discounted using the rates attached to the high quality corporate bonds at the reporting date, which most closely match the maturity dates of the related liability.

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the consolidated statement of comprehensive income as incurred.

7.2 Auditors' remuneration

	2020	2019
Auditors of the Company – Ernst & Young (Australia)	$	$
Audit services		
Audit and review of statutory financial statements of the parent covering the Group	553,927	571,625
	553,927	**571,625**
Other assurance services where there is discretion as to whether the service is provided by the auditor or another firm		
Audit of joint operations	316,073	283,375
Review of *National Greenhouse and Energy Reporting Act 2007* requirements	67,204	62,629
	383,277	**346,004**
Other services		
Taxation compliance services	30,000	125,000
Others	32,994	69,790
	62,994	**194,790**
Total auditor's remuneration	**1,000,198**	**1,112,419**

7.3 Commitments

	2020	2019
a) Capital expenditure commitments	**$'000**	**$'000**
Contracted for but not provided for and payable:		
Within one year[1]	**8,773**	**83,663**

1 There were no commitments for capital expenditure beyond one year.

b) Lease commitments

Leases relate to property, plant and equipment with lease terms of between one and five years, as well as leases recognised in accordance with AASB 16 *Leases*.

	2020	2019
	$'000	**$'000**
Within one year	94,258	86,308
Between one and five years	259,841	153,425
More than five years	42,821	45,916
Minimum lease payments	**396,920**	**285,649**
Future finance charges	(50,315)	(44,125)
Total lease liabilities	**346,605**	**241,524**
Included in the financial statements in note 5.1 as:		
Current borrowings	81,977	76,532
Non-current borrowings	264,628	164,992
	346,605	**241,524**

7. Other notes *(cont.)*

7.4 Contingencies

a) Bank guarantees

The Group provided bank guarantees to government departments as a condition of continuation of mining and:	2020 $'000	2019 $'000
(i) exploration licences	257,877	235,826
(ii) rail capacity providers	27,936	27,936
(iii) port capacity providers	135,220	115,941
(iv) electricity network access supplier	22,470	23,534
(vi) other	10,785	2,072
	454,288	**405,309**

b) Other

As previously reported, representative proceedings were commenced against the Group on 21 December 2018 in the Supreme Court of Queensland by Nathan Tinkler as representative applicant. The proceedings were brought on behalf of a number of parties who were issued with Milestone Shares (subject to restrictions on voting and transfer until various development milestones are met) in Whitehaven Coal Limited in May 2012. The proceedings have since been transferred to the Supreme Court of New South Wales and the representative applicant has been replaced by Les & Zelda Investments Pty Ltd (ACN 148 907 573) as Trustee for the Les & Zelda Family Trust. The pleadings make various allegations against the Group concerning an alleged breach of contract, misleading and deceptive conduct and minority shareholder oppression in connection with the Milestone Shares. The Group has filed a defence that denies those allegations. The proceedings are ongoing, and no trial date has yet been set.

Other than the above, there are a number of legal and potential claims against the Group that have arisen in the ordinary course of business. The Group does not believe that these matters will result in any material adverse outcome based on information currently available and no provision has been made for any potential adverse outcome.

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 or 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:

On the 12th August 2020, following extensive public consultation and a detailed review by the NSW Department of Planning, Industry and Environment, the Vickery Extension Project was approved by the Independent Planning Commission NSW. The Project is now proceeding through the necessary secondary and federal approvals processes.

Directors' declaration

For the year ended 30 June 2020

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 2020 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 2020

(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
26th August 2020

Independent Auditor's report

For the year ended 30 June 2020

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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 2020, 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:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
b) 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.

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.

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Impairment assessment of Property, Plant & Equipment

Why significant	How our audit addressed the key audit matter
At 30 June 2020, the Group's consolidated statement of financial position included $4,155m of property, plant and equipment relating to operating mines. As disclosed in Note 4.1 of the financial report, the Directors have assessed property, plant and equipment for impairment as one cash-generating unit. This assessment involves critical accounting estimates and assumptions, specifically key forecast assumptions such as commodity prices, discount rates, inflation rates, foreign exchange rate and recoverable reserves. These estimates and assumptions are summarised in Note 4.1. We considered this to be a key audit matter due to the value of the balance in the consolidated statement of financial position relative to total assets, and the significant judgments and assumptions involved in the impairment test.	Our audit procedures included the following: ▸ Consideration of the appropriateness of the Group's identification of its single cash generating unit. ▸ Assessment of whether the model used by the Group for their impairment test of the carrying value of property, plant and equipment complied with the requirements of Australian Accounting Standards. ▸ Testing the mathematical accuracy of the impairment model. ▸ Assessment of key forecast assumptions such as coal prices, discount rates, inflation rates, and foreign exchange rates, with reference to external observable market data and independent economic analysis and with involvement from our valuation specialists. ▸ Analysis of forecast operating and capital cost assumptions against historical performance and the latest approved budgets and forecasts. ▸ Assessment of the work of the Group's internal and external experts with respect to the coal reserves and resources used in the cash flow forecasts. This included understanding the reserve estimation processes carried out, and assessing the qualifications, competence and objectivity of the Group's experts and the scope and appropriateness of their work. ▸ Evaluation of the sensitivity analysis performed by the Group, focusing on the components in impairment models where a reasonably possible change in key forecast assumptions could cause impairment. ▸ Assessment of the adequacy of the disclosures relating to property, plant and equipment in the financial statements, including those made with respect to judgements and estimates.

Auditor's report

For the year ended 30 June 2020

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Mine rehabilitation, closure and biodiversity provisions

Why significant	How our audit addressed the key audit matter
At 30 June 2020, the consolidated statement of financial position included $270.1m of mine rehabilitation, closure and biodiversity provisions. As a consequence of its operations, the Group incurs obligations to restore, rehabilitate and maintain the land used for its operations. Rehabilitation and biodiversity 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, the extent of ongoing maintenance following the completion of rehabilitation activities and changes in economic assumptions including discount rate. This was considered to be a key audit matter due to the significant judgments and assumptions involved in the calculation of these mine rehabilitation, closure and biodiversity provisions.	Our audit procedures included the following: ▸ Assessment of the Group's process applied in quantifying the recognition, review and approval of the rehabilitation, closure and biodiversity provisions. ▸ Agreement of the forecast disturbed areas included in rehabilitation models to surveys completed over areas requiring rehabilitation. ▸ Consideration of the reasonableness of cost rates applied in deriving the provisions with respect to government specified cost and bonding rates. ▸ Consideration of the qualifications, competence and objectivity of the Group's experts, both internal and external, who produced the surveys and cost estimates. ▸ Testing the mathematical accuracy of the rehabilitation models to support the provision balance. ▸ Consideration of the discount rate applied by the Group. ▸ Evaluation of the appropriateness of accounting treatment applied to changes in the rehabilitation provision. ▸ Assessment of whether the judgments and estimates disclosures relating to mine closure, rehabilitation and biodiversity provisions met the requirements of Australian Accounting standards.

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Information other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2020 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:

Auditor's report

For the year ended 30 June 2020

- 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. 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.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 61 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Whitehaven Coal Limited for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
26 August 2020

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
Fritz Kundrun*	12.09%	124,042,252	17 Oct 2014
Hans Mende*	9.65%	99,054,726	13 Aug 2020
AMCI Group*	8.40%	86,170,596	17 Oct 2014
Lazard Asset Management Pacific Co	9.89%	101,493,276	20 Aug 2020

* 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	% of Units
1–1,000	5,229	0.27
1,001–5,000	6,294	1.68
5,001–10,000	2,510	1.89
10,001–100,000	2,713	6.96
100,001 and over	203	89.20
	16,949	**100.00**

There are 6 holders of options over ordinary shares. Refer to section 7.2 of the Remuneration Report.

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,942.

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	296,170,485	28.87
CITICORP NOMINEES PTY LTD	246,974,431	24.07
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	161,413,562	15.73
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	51,731,153	5.04
AET SFS PTY LTD <BOARDWALK RES INV P/C>	26,678,979	2.60
NATIONAL NOMINEES LIMITED	15,422,361	1.50
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	10,498,808	1.02
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	9,225,504	0.90
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	5,533,179	0.54
BNP PARIBAS NOMS PTY LTD <DRP>	5,478,322	0.53
NATIONAL NOMINEES LIMITED <N A/C>	5,000,000	0.49
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED GSCO ECA	4,409,572	0.43
WARBONT NOMINEES PTY LTD <ACCUMULATION ENTREPOT A/C>	3,961,194	0.39
INVIA CUSTODIAN PTY LIMITED <ABEX LIMITED A/C>	2,801,750	0.27
BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	2,667,009	0.26
MR LEENDERT HOEKSEMA + MRS AALTJE HOEKSEMA	2,580,000	0.25
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	2,579,093	0.25
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,416,573	0.24
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,299,364	0.22
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	1,943,454	0.19
	859,784,793	**83.79**

This information is current as at 20 August 2020

Glossary

ARTC	Australian Rail Track Corporation
ASEAN	Association of Southeast Asian Nations
CHPP	coal handling preparation plant
EBITDA	earnings before interest, depreciation and amortisation
ECA	Export Credit Agency
FEC	Forward Exchange Contract
FOB	Free on Board
FVLCD	fair value less costs of disposal
FY19	financial year ending 30 June 2019
FY20	financial year ending 30 June 2020
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
m	million
MRRT	Minerals Resource Rent Tax
Mt	million tonnes
MTI	Medium Term Incentive
Mtpa	million tonnes per annum
NCIG	Newcastle Coal Infrastructure Group
NPAT	net profit after tax
PWCS	Port Waratah Coal Services
ROM	run of mine
SSCC	semi-soft coking coal
STI	Short Term Incentive
t	tonne
TAL	Tonne Axle Load
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 AO
Deputy Chairman

Dr Julie Beeby
Non-Executive Director

Paul Flynn
Managing Director and CEO

Lindsay Ward
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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Australian Business Number

ABN 68 124 425 396

Stock Exchange Listing

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ASX Code: WHC

Auditor

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Share Registry

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Country of Incorporation

Australia

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