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White Energy Company Limited ABN 62 071 527 083

Interim Financial Report

31 December 2014

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by White Energy Company Limited (White Energy) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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Directors' report

Your Directors present their report on the consolidated entity, consisting of White Energy Company Limited ("**the Company**" or "**White Energy**") and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were Directors of White Energy during the whole of the half-year and up to the date of this report unless otherwise stated:

Travers Duncan

Brian Flannery

Graham Cubbin

Hans Mende

Vincent O'Rourke

Terence Crawford

Review of operations

North America

(i) Mountainside Coal Company Inc. ("MCC")

During the half-year ended 31 December 2014, MCC's main focus was on the construction of the new coal wash plant at the Indian Gap site. The coal wash plant was scheduled to be completed by the end of 2014 and due to adverse weather conditions and some contractor delays, construction was not completed until late January 2015, at which point the commissioning program commenced.

The coal wash plant was subsequently commissioned in late February 2015 with several thousand tonnes of product coal being produced.

Following the commissioning of the new coal wash plant, MCC's management is confident that it will able to consistently produce a sub 2% low-ash sized coal product for sale into the U.S. domestic and export silica and ferrosilica smelting markets, where such product is sold at an attractive premium. To coincide with the completion of construction of the new coal wash plant, in December 2014 MCC commenced operations at the newly developed Flat Creek mine. The Flat Creek site contains the best reserves of the low-ash specialty Blue Gem seam coal. The first ROM coal produced at Flat Creek has been of a very high quality, with MCC successful in selling this early unwashed tonnage in the U.S. domestic market at more than double the current market price of thermal coal.

Washing and screening of the Blue Gem coal, sourced from MCC's Flat Creek mine, will commence in early March 2015 and sales of the washed product will be initiated shortly thereafter.

The domestic coal market in the U.S. remains depressed, with further mine closures reported in Kentucky, Virginia and West Virginia in recent months. The thermal coal market in particular remains impacted by a lower demand for energy and low natural gas prices which has resulted in gas replacing coal in some power generation markets, with no indication of improvement in the short-term.

The bulk of the coal produced and sold since MCC was acquired by White Energy has been thermal coal, which was sold into the U.S. domestic power and industrial markets at an overall operating loss. As a result, like the majority of coal producers in the U.S., MCC was forced to implement a number of cost-cutting measures to control production costs which included the closure in December 2014 of loss-making mining operations at the thermal coal mine, Flag Ridge. Shareholders will be aware that it was always the intention for MCC to substantially exit the thermal coal market and focus on mining those coal seams which can be supplied into the specialty markets.

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Directors' report (continued)

Review of operations (continued)

(i) Mountainside Coal Company Inc. ("MCC") (continued)

MCC generated $9.1m in revenues for the half-year.

Despite the obvious pressures in the U.S. domestic coal market, there continues to be demand for high quality, low-ash stoker coals in the U.S., which underpins MCC's strategy of becoming a key player in the value added sized coal smelting markets, where specialty coals continue to command a premium price.

As previously advised to shareholders, the final stage in MCC's strategy will be to commit to the construction of a Binderless Coal Briquetting (BCB) plant to briquette coal fines remaining from production at MCC's coal mines. In this regard, the Company plans to continue testing coal fines generated from MCC's screening plant at White Energy's Cessnock Demonstration Plant in the coming weeks.

MCC has continued to devote resources to completing an exploration program to better define resources and reserves at its current operating mines, as well as potential new resources across leased areas which have been earmarked by the Company for future mining. Work also continues on sourcing additional coal areas containing low-ash coal seams.

(ii) Buckskin Project, Wyoming

As outlined above, the domestic coal market in the U.S. remains depressed and as such does not provide an attractive commercial opportunity at this time, as far as upgrading Powder River Basin sub-bituminous coals for domestic consumption is concerned.

The Company's medium-term strategy continues to be focused on the export market opportunity for upgraded Powder River Basin coals. In this regard, a number of U.S. coal producers in the Powder River Basin are currently seeking approvals to build coal export terminals at various locations of the west coast of the U.S., for export of coal into the Asian markets. So far no approvals have been forthcoming. It may therefore take a number of years before the Company's proposed Powder River Basin projects become operational.

Africa

The Company's 51% joint venture vehicle, River Energy JV Limited (River Energy), has continued to progress the various project opportunities currently under review with the major coal producers in the South African coal market. The project opportunities which are currently under review include:

(i) Standalone BCB Plant Opportunity at the Woestalleen Colliery

This is a two-phased project in which River Energy will operate a fine coal beneficiation plant on the Woestalleen Hub in the short-term, followed by a 250,000 tonne per annum BCB plant to be constructed and operated in the medium-term, subject to stabilisation of coal processing operations at the Woestalleen Hub by the site operators and completion of final due diligence activities by River Energy.

During the half-year ended 31 December 2014, River Energy completed phase one of the project, by commissioning the fine coal beneficiation plant and producing small quantities of beneficiated product. Early indications have been positive with regard to the operation of the fine coal beneficiation plant and the quality of the beneficiated product. However, in recent weeks the site operator has experienced numerous financial, operational and management issues which has impacted feedstock coal deliveries to the beneficiation plant. These issues are likely to lead to a change in owner and operator of the Woestalleen Hub in the very near future.

River Energy management continue to monitor current operations of the wash plant at the Woestalleen Hub, which delivers feedstock to the River Energy coal beneficiation plant, and are working actively at the shareholder level to ensure that they are comfortable that everything possible is being done to stabilise feedstock delivery and wash plant operations at the site.

Directors' report (continued)

Review of operations (continued)

(i) Standalone BCB Plant Opportunity at the Woestalleen Colliery (continued)

Completion of the Phase 2 due diligence study will occur when the River Energy team is satisfied that the existing wash plant operations have been stabilised by the site operators, and qualities and quantities of the fine coal feedstock are representative of the new, sustainable operating environment. This will pave way for a final decision on whether to proceed with construction of a BCB plant at the Woestalleen Hub, however River Energy is now not expecting to be in a position to decide on Phase 2 until the second half of calendar year 2015 at the earliest.

(ii) Completion of Second Detailed Feasibility Study ("DFS")

On 4 December 2014, River Energy entered into a non-binding term sheet with a substantial South African coal producer that would see River Energy build, own, operate and maintain a 500,000 tonne per annum BCB plant at the washplant located at the coal mine in question, processing a feedstock combination of new arising and reclaimed coal fines. The project is conditional upon completion detailed engineering and design, transaction documentation and final board approval by both parties. While work on this project is currently being ramped up, the current target approval timeframe is during the second half of calendar year 2015.

This project provides River Energy with a significant opportunity to build a fine coal beneficiation, binderless briquetting and waste management plant that is fully integrated with the existing mine and washplant operations.

As part of the Detailed Feasibility Study ("DFS") completed in respect of this project opportunity, the South African power utility Eskom conducted comprehensive milling and combustion trials on upgraded briquettes produced at the Cessnock Demonstration Plant. The trials were conducted at Eskom's test facility in Johannesburg, and during the half-year period, the mine and River Energy were presented with the results of those trials which were very positive. The upgraded briquettes performed as well or better than the washed coal from the same mine.

(iii) Anglo American Coal – Goedehoop Project

During the period River Energy ramped up activities on the DFS, which includes engineering design and costing, for a 700,000 tonne per annum BCB plant at the Anglo Operations Proprietary Limited ("AAC") Goedehoop mine.

The briquetting trials performed as part of the DFS have highlighted some materials handling issues with the AAC ultra-fine coal samples provided for the trials. Plant modification works are underway to address these issues as part of the DFS program.

During the period River Energy continued to progress the engineering design work which is almost complete as is the bulk of the metallurgical test work.

The DFS being conducted by River Energy is a component of a broader project being considered by AAC and, as expected, during the study a number of issues across a range of project elements have arisen and the various parties are working with AAC to resolve these issues. As a consequence it is likely that the River Energy component of the DFS study will not be completed until later in 2015.

(iv) Other Project Opportunities

In addition to the projects outlined above, River Energy remains in discussions with two other large South African coal producers on tenders for coal fines briquetting projects of a similar size to those outlined above. The overall level of interest in the BCB technology, as applied to coal fines beneficiation and briquetting in the South African market, continues to remain high as the commercial, environmental and operational challenges in managing the massive volumes of fine coal become more defined.

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Directors' report (continued)

Review of operations (continued)

Indonesia

During period, White Energy representatives in Indonesia have continued to perform due diligence work on a number of short-listed coal concessions which have been identified for potential acquisition by the Company.

The coal properties being considered by White Energy comprise a mixture of coal qualities. Most of the resources are likely to be suitable for upgrading using the BCB technology, which has the potential to greatly enhance the value of such projects. In addition, the Company also expects that some of the resources in question will not require application of the BCB technology, and can be mined and sold directly into the export markets.

Australia

(i) South Australian Coal ("SAC") – EL4534

The Company continues to undertake test work and feasibility studies on the potential for mining and gasification of the EL 4534 coal deposit which is located within close proximity to existing rail infrastructure.

Discussions have progressed with several companies who have expertise in this area of coal gasification and who may be interested in a joint venture with SAC. Shareholders will also be aware of a previous report issued by the German based company, Lurgi GmbH, which has confirmed that the Lake Phillipson coal is suitable for gasification using their process.

(ii) Queensland Coal Exploration Permit – EPC 25623

In December 2014, the Company was advised by the Queensland Department of Natural Resources and Mines that it had terminated the call for tenders in relation to EPC 25623 and decided not to issue the exploration permit for the coal area in question.

(iii) Research and Development Activities

During the period, the Company's Research and Development team focused on testing of the MCC and AAC coal fines at the Cessnock Production Plant. This testing has led to a number of equipment refinements which are anticipated to further progress the BCB technology.

General Corporate

Further to previous updates provided to shareholders, the Company wishes to advise that preparations continue for the impending trial in the High Court of the Republic of Singapore, following initiation of legal proceedings in late 2011 by BCBC Singapore Pte Ltd and Binderless Coal Briquetting Company Pty Limited, wholly owned subsidiaries of White Energy, against PT Bayan Resources Tbk ("Bayan") and Bayan International Pte Ltd, over matters relating to the Tabang coal upgrading plant, located at Bayan's Tabang mine in East Kalimantan, Indonesia.

We will advise shareholders as soon as further information is available in respect of likely dates for the trial.

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Financial position and results for the half-year

The Company had significant cash reserves as at 31 December 2014, which the Directors consider very important in the current general economic and coal industry climate. The total amount of cash on hand as at 31 December 2014 was $41.3m (30 June 2014: $56.4m) excluding $4.7m recorded as restricted cash.

The total assets balance increased slightly from $180.1m at 30 June 2014 to $183.7m as at 31 December 2014.

The increase in liabilities from $40.8m to $57.9m predominantly reflects the additional shareholder loans provided by the Company's joint venture partner, funds managed by Black River Asset Management LLC, for the construction of the new MCC coal wash plant and general MCC working capital requirements.

The Consolidated Entity's net loss before tax for the half-year ended 31 December 2014 was $17.3m (2013: $14.1m). The Company's adjusted normalised EBITDA loss for the half-year ended 31 December 2014 was $6.2m (2013: $5.5m), which has been determined as follows:

	Half-year	
	31 December 2014	31 December 2013
	$'000	$'000
Consolidated entity net loss for the half-year before income tax	**(17,339)**	(14,051)
Non-cash expenses:		
Depreciation/amortisation	**4,194**	3,737
Write-offs/impairment expense	**1,212**	677
Fair value losses/(gains)	**(313)**	268
Share based payment expense	**21**	452
Foreign exchange loss	**331**	335
Other	**361**	419
Sub-total	**5,806**	5,888
Other significant items		
Finance costs	**806**	145
Legal costs – litigation	**1,243**	1,986
Sub-total	**2,049**	2,131
Consolidated entity adjusted normalised EBITDA	**(9,484)**	(6,032)
Non-controlling interests share of normalised EBITDA	**3,276**	530
White Energy adjusted normalised EBITDA	**(6,208)**	(5,502)

Normalised EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AIFRS adjusted for specific significant items. The table above summarises key items between statutory profit before tax and normalised EBITDA. The directors use normalised EBITDA to assess the performance of the Company. The consolidated entity adjusted normalised EBITDA ($9.5m) reconciles to the segment information EBITDA result for the year ($10.7m) disclosed on page 13, after adding back legal costs - litigation ($1.2m) which is included in the segment expenses line item.

Normalised EBITDA has not been subject to any specific review procedures by our auditor but has been extracted from the accompanying interim financial report.

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Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors.



Brian Flannery
Managing Director

Brisbane
9 March 2015

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Auditor's Independence Declaration

As lead auditor for the review of White Energy Company Limited for the half-year ended 31 December 2014, I declare that 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 review; and

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

This declaration is in respect of White Energy Company Limited and the entities it controlled during the period.



Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
9 March 2015

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White Energy Company Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2014

	Notes	Half-year **31 December 2014** **$'000**	 31 December 2013 $'000
Revenue	4	**12,103**	10,451
Other income		**313**	-
Coal mining operation expenses	5	**(11,255)**	(6,218)
Foreign exchange loss		**(331)**	(335)
Accounting, tax and audit fees		**(347)**	(318)
Employee benefits expense	5	**(4,833)**	(5,937)
Depreciation and amortisation expense	5	**(4,194)**	(3,737)
Finance costs	5	**(806)**	(145)
External advisory fees	5	**(3,360)**	(3,259)
Occupancy expenses	5	**(387)**	(525)
Travel expenses		**(404)**	(645)
Cost of goods sold – livestock		**(361)**	(418)
Plant operating costs		**(402)**	(503)
Write-offs/impairment expense	5	**(1,212)**	(677)
Other expenses		**(1,863)**	(1,785)
Loss before income tax for the half-year		**(17,339)**	(14,051)
Income tax credit		**1,731**	-
Net loss for the half-year		**(15,608)**	(14,051)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**2,066**	1,019
Total other comprehensive income for the half-year		**2,066**	1,019
Total comprehensive loss for the half-year		**(13,542)**	(13,032)
Net loss is attributable to:			
Owners of White Energy Company Limited		**(12,388)**	(13,365)
Non-controlling interest		**(3,220)**	(686)
Total loss for the half-year		**(15,608)**	(14,051)
Total comprehensive loss is attributable to:			
Owners of White Energy Company Limited		**(11,694)**	(12,476)
Non-controlling interests		**(1,848)**	(556)
Total comprehensive loss for the half-year		**(13,542)**	(13,032)
Earnings per share for loss attributable to ordinary equity holders of White Energy Company Limited		**Cents**	Cents
Basic and diluted earnings per share		**(3.77)**	(4.14)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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White Energy Company Limited
Consolidated balance sheet
As at 31 December 2014

	Notes	31 December 2014 $'000	30 June 2014 $'000
Current assets			
Cash and cash equivalents	6	**41,327**	56,386
Trade and other receivables	7	**3,711**	4,779
Inventories		**4,210**	1,313
Total current assets		**49,248**	62,478
Non-current assets			
Restricted cash	8	**4,735**	2,143
Biological assets – livestock		**2,232**	2,208
Property, plant and equipment	9	**54,631**	40,628
Exploration assets	10	**26,583**	26,017
Intangible assets	11	**46,233**	46,592
Total non-current assets		**134,414**	117,588
Total assets		**183,662**	180,066
Current liabilities			
Trade and other payables	12	**7,709**	16,518
Provisions		**484**	341
Total current liabilities		**8,193**	16,859
Non-current liabilities			
Provisions		**885**	791
Other payables	13	**47,604**	20,430
Deferred tax liability		**1,191**	2,676
Total non-current liabilities		**49,680**	23,897
Total liabilities		**57,873**	40,756
Net assets		**125,789**	139,310
Equity			
Contributed equity	14	**493,477**	490,938
Reserves		**(12,573)**	(10,749)
Accumulated losses		**(356,902)**	(344,514)
Total equity attributable to owners of White Energy Company Limited		**124,002**	135,675
Non-controlling interests		**1,787**	3,635
Total equity		**125,789**	139,310

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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White Energy Company Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2014

	Attributable to the owners of White Energy Company Limited					
	Contributed equity	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2013	**490,938**	**(12,017)**	**(292,326)**	**186,595**	**(4,778)**	**181,817**
Loss for the half-year	-	-	(13,365)	(13,365)	(686)	(14,051)
Other comprehensive income	-	889	-	889	130	1,019
Total comprehensive income/(loss) for the half-year	**-**	**889**	**(13,365)**	**(12,476)**	**(556)**	**(13,032)**
Transactions with owners in their capacity as owners						
Share based payments	-	452	-	452	-	452
	-	**452**	**-**	**452**	**-**	**452**
Balance at 31 December 2013	**490,938**	**(10,676)**	**(305,691)**	**174,571**	**(5,334)**	**169,237**
Balance at 1 July 2014	**490,938**	**(10,749)**	**(344,514)**	**135,675**	**3,635**	**139,310**
Loss for the half-year	-	-	(12,388)	(12,388)	(3,220)	(15,608)
Other comprehensive income	-	694	-	694	1,372	2,066
Total comprehensive income/(loss) for the half-year	**-**	**694**	**(12,388)**	**(11,694)**	**(1,848)**	**(13,542)**
Transactions with owners in their capacity as owners						
Contributions of equity – net of transaction costs	2,539	-	-	2,539	-	2,539
Share based payments	-	(2,518)	-	(2,518)	-	(2,518)
	2,539	**(2,518)**	**-**	**21**	**-**	**21**
Balance at 31 December 2014	**493,477**	**(12,573)**	**(356,902)**	**124,002**	**1,787**	**125,789**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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White Energy Company Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2014

	Notes	Half-year **31 December 2014** **$'000**	Half-year 31 December 2013 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of goods and services tax)		**12,501**	7,925
Payments to suppliers and employees (inclusive of goods and services tax)		**(26,156)**	(18,062)
		(13,655)	(10,137)
Interest received		**970**	1,322
Payments for certificates of deposit restricted for bonds		**(2,571)**	-
Net cash outflow from operating activities		**(15,256)**	(8,815)
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		**-**	(21,254)
Payments for exploration assets		**(512)**	(12)
Payments for property, plant and equipment		**(14,192)**	(540)
Payments for development costs		**(35)**	(115)
Net cash outflow from investing activities		**(14,739)**	(21,921)
Cash flows from financing activities			
Proceeds from shareholder loans		**14,741**	-
Net cash inflow from financing activities		**14,741**	-
Net decrease in cash and cash equivalents		**(15,254)**	(30,736)
Cash and cash equivalents at the beginning of the half-year		**56,386**	86,693
Effect of exchange rate changes on cash and cash equivalents		**195**	(7)
Cash and cash equivalents at the end of the half-year		**41,327**	55,950

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Note 1. Segment Information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from both a business line and a geographic perspective and has identified four reportable business line segments: coal technology, coal mining, mining exploration and property.

The coal technology segment has the exclusive licence to patented BCB technology developed by the consortia led by CSIRO which processes relatively poor quality coal into a higher quality product. This activity commenced in June 2006 when the Company acquired White Energy Technology Limited.

The coal mining segment reports the financial results of MCC which operates a series of coal mines

The mining exploration segment holds tenements in Lake Phillipson, South Australia.

The property segment reflects the agricultural activities of Ingomar Station which operates as a working cattle and sheep property. Although the property segment does not meet the quantitative thresholds required by AASB 8, management has concluded that this segment should be reported, as it is monitored by the Board of Directors and is expected to contribute to Group revenue in the future.

The Group's sectors operate in six main geographical areas:

(i) Australia: The home country of the main operating entity. The areas of operation are the coal technology, mining exploration and property business lines.

(ii) South East Asia: Comprises operations carried on in Indonesia and Singapore. The area of operation is the coal technology business line.

(iii) South Africa and Mauritius ("Africa"): Currently undertaking marketing activities and feasibility studies to bring the BCB coal technology to the South African market.

(iv) United States (U.S.): Operating a series of coal mines and undertaking marketing activities and feasibility studies to bring the BCB coal technology to the North American market.

(v) China: Currently undertaking feasibility studies and marketing activities to bring the BCB coal technology to the Chinese market.

(vi) United Kingdom (U.K.): An investment holding Company which owns MCC.

Note 1. Segment Information (continued)

(a) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the period ended 31 December 2014 was in the following format:

Half-year 31 December 2014	Coal technology					Mining exploration	Property	Coal Mining		Interco mpany	Total
	Australia	South-East Asia	Africa	U.S.	China	Australia	Australia	U.S	U.K.		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total income	3,717	-	1,214	4	-	1	511	9,182	122	(2,648)	12,103
Total expenses	(7,593)	-	(1,939)	(436)	(77)	(34)	(393)	(12,485)	(208)	335	(22,830)
EBITDA (*)	**(3,876)**	**-**	**(725)**	**(432)**	**(77)**	**(33)**	**118**	**(3,303)**	**(86)**	**(2,313)**	**(10,727)**
Depreciation	(895)	-	(33)	-	-	-	(66)	(1,277)	-	-	(2,271)
Amortisation	(1,931)	-	(267)	-	-	-	-	-	(764)	1,039	(1,923)
Interest expense	(1)	-	(466)	(888)	-	-	-	(562)	(826)	1,937	(806)
Write-offs/ impairment expense	(1,212)	-	-	-	-	-	-	-	-	-	(1,212)
Other expenses	(86)	(274)	8	-	-	-	(361)	-	-	-	(713)
Fair value gains	-	-	-	-	-	-	313	-	-	-	313
Loss before income tax (*)	**(8,001)**	**(274)**	**(1,483)**	**(1,320)**	**(77)**	**(33)**	**4**	**(5,142)**	**(1,676)**	**663**	**(17,339)**

(*) Includes White Energy's share of the income and expenses from minority owned subsidiaries

Half-year 31 December 2013	Coal technology					Mining exploration	Property	Coal Mining		Interco mpany	Total
	Australia	South-East Asia	South Africa	U.S.	China	Australia	Australia	U.S	U.K.		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total income	5,072	-	854	2	-	94	388	6,503	-	(2,462)	10,451
Total expenses	(9,830)	(10)	(1,178)	(798)	(70)	(17)	(276)	(7,602)	(1,465)	2,777	(18,469)
EBITDA (*)	**(4,758)**	**(10)**	**(324)**	**(796)**	**(70)**	**77**	**112**	**(1,099)**	**(1,465)**	**315**	**(8,018)**
Depreciation	(1,067)	-	(22)	-	-	(7)	(48)	(673)	-	-	(1,817)
Amortisation	(1,920)	-	(258)	-	-	-	-	-	-	258	(1,920)
Interest expense	-	-	(291)	(805)	-	-	-	-	(119)	1,070	(145)
Impairment expense	-	-	(498)	-	-	-	-	(179)	-	-	(677)
Other expenses	(792)	-	(2)	-	-	-	(412)	-	-	-	(1,206)
Fair value loss	-	-	-	-	-	-	(268)	-	-	-	(268)
Loss before income tax (*)	**(8,537)**	**(10)**	**(1,395)**	**(1,601)**	**(70)**	**70**	**(616)**	**(1,951)**	**(1,584)**	**1,643**	**(14,051)**

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Note 2. Loss for the half-year information

The Company's loss for the half-year and in the corresponding comparative period included the following items that are unusual because of their nature, size or incidence:

	31 December 2014 $'000	31 December 2013 $'000
Write-offs – property, plant and equipment	**(1,124)**	-
Impairment expense – exploration assets	**(88)**	-
Impairment expense – development costs	**-**	(498)
Impairment expense – mineral properties	**-**	(179)

Note 3. Dividends

No amounts have been paid or declared by way of dividend during the period ended 31 December 2014 (2013: Nil).

Note 4. Revenue

	31 December 2014 $'000	31 December 2013 $'000
From continuing operations		
Coal sales	**9,069**	6,418
Interest income	**1,032**	1,181
Insurance recoveries	**-**	1,299
Government grants (a)	**217**	217
Proceeds from the sale of wool and livestock	**501**	366
Sampling income – potential customers	**1,113**	925
Sundry Income	**171**	45
	12,103	10,451

(a) Government grants

Government grant income of $217,000 (2013: $217,000) was recognised by the Company during the half-year being the half-year amortised amount of a Commercial Ready Grant received in 2008.

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Note 5. Expenses

	31 December 2014	31 December 2013
	$'000	$'000
Loss before income tax includes the following specific expenses:		
Depreciation expense – Property, plant and equipment	**(2,271)**	(1,817)
Amortisation expense – Intangible assets	**(1,923)**	(1,920)
Total depreciation and amortisation expense	**(4,194)**	(3,737)
Consulting, external management and professional fees	**(1,931)**	(1,273)
Legal fees – Litigation	**(1,243)**	(1,986)
Legal fees – Other	**(186)**	-
Total external advisory fees	**(3,360)**	(3,259)
Write-offs – Property, plant and equipment	**(1,124)**	-
Impairment expense – Exploration assets	**(88)**	-
Impairment expense – Development costs	**-**	(498)
Impairment expense – Mineral properties	**-**	(179)
Total write-offs/impairment expense	**(1,212)**	(677)
Finance costs expensed	**(806)**	(145)
Coal mining operations	**(11,255)**	(6,218)
Occupancy expenses – Minimum lease payments	**(387)**	(525)
Defined contribution superannuation expense	**(272)**	(287)
Other employee benefits expense	**(4,561)**	(5,650)
Total employee benefits expense	**(4,833)**	(5,937)

Note 6. Current assets – Cash and cash equivalents

	31 December 2014	30 June 2014
	$'000	$'000
Cash at bank and on hand	**41,327**	56,386
	41,327	56,386

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Note 7. Current assets – Trade and other receivables

	31 December 2014	30 June 2014
	$'000	$'000
Trade debtors	**2,511**	3,529
Provision for impairment of receivables	**(178)**	(178)
Deposits	**274**	89
Prepayments	**728**	887
Interest receivable	**326**	264
Other receivables	**50**	188
	3,711	4,779

Note 8. Non-current assets - Restricted cash

	31 December 2014	30 June 2014
	$'000	$'000
Restricted cash – security bond (a)	**2,000**	2,000
Reclamation bonds (b)	**2,735**	143
	4,735	2,143

(a) Restricted cash – security bond

On 12 April 2013 White Energy, on behalf of its subsidiary BCBCS, paid the Supreme Court of Western Australia a $2 million security bond in support of freezing orders made against Bayan's shareholding in Kangaroo Resources Limited.

(b) Certificates of deposit restricted for bonds

As part of the acquisition of MCC, White Energy acquired certificates of deposit restricted for bonds. The certificates are a requirement of the mining permits issued in Kentucky and Tennessee U.S.. The certificates of deposit restricted for bonds are held as security until reclamation of the permitted sites has been suitably completed by the Company.

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Note 9. Non-current assets – Property, plant and equipment

	Plant and Equipment $'000	Leasehold improvements $'000	Land $'000	Mineral Properties $'000	Total $'000
At 30 June 2014					
Cost	69,600	701	2,899	1,398	74,598
Accumulated depreciation	(33,239)	(637)	-	(94)	(33,970)
Net book amount	**36,361**	**64**	**2,899**	**1,304**	**40,628**
Half-year ended 31 December 2014					
Opening net book amount	36,361	64	2,899	1,304	40,628
Additions	14,343	10	-	29	14,382
Disposals	-	-	-	(120)	(120)
Write-offs	(1,124)	-	-	-	(1,124)
Depreciation expense	(2,263)	(8)	-	-	(2,271)
Exchange differences	2,895	-	47	194	3,136
Closing net book amount	**50,212**	**66**	**2,946**	**1,407**	**54,631**
At 31 December 2014					
Cost	89,611	214	2,946	1,407	94,178
Accumulated depreciation	(39,399)	(148)	-	-	(39,547)
Net book amount	**50,212**	**66**	**2,946**	**1,407**	**54,631**

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Note 10. Non-current assets – Exploration assets

	31 December 2014	30 June 2014
	$'000	$'000
Exploration Tenements		
Gasgoyne : E09/1983		
Cost at beginning of reporting period	**-**	18
Additional expenditure	**-**	4
Transfers	**-**	-
Expenditure written off	**-**	(22)
Net book amount	**-**	-
Gasgoyne : E09/1984		
Cost at beginning of reporting period	**-**	26
Additional expenditure	**-**	6
Transfers	**-**	-
Expenditure written off	**-**	(32)
Net book amount	**-**	-
Coober Pedy : EL4534		
Cost at beginning of reporting period	**7,210**	7,195
Additional expenditure	**39**	38
Capitalised expenditure refunded	**-**	(23)
Net book amount	**7,249**	7,210
Bowen Basin : EPC23256		
Cost at beginning of reporting period	**66**	-
Additional expenditure	**22**	66
Expenditure written off	**(88)**	-
Net book amount	**-**	66
Mountainside Coal Company		
Cost at beginning of reporting period	**951**	-
Additional expenditure	**451**	951
Exchange differences	**142**	-
Net book amount	**1,544**	951
Exploration rights		
Cost at beginning of reporting period	**17,790**	42,805
Impairment expense	**-**	(25,015)
Net book amount	**17,790**	17,790
Exploration assets net book amount	**26,583**	26,017

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Note 11. Non-current assets - Intangible assets

	Goodwill	BCB Coal upgrading licence	Detailed BCB plant design	Americanisation of the BCB plant design	Development costs	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2014						
Cost	7,316	55,983	6,661	1,528	3,861	75,349
Accumulated depreciation	-	(25,432)	(3,325)	-	-	(28,757)
Net book amount	**7,316**	**30,551**	**3,336**	**1,528**	**3,861**	**46,592**
Half-year ended 31 December 2014						
Opening net book amount	7,316	30,551	3,336	1,528	3,861	46,592
Additions	-	-	-	-	35	35
Exchange differences	1,086	-	-	-	443	1,529
Amortisation (a)	-	(1,590)	(333)	-	-	(1,923)
Closing net book amount	**8,402**	**28,961**	**3,003**	**1,528**	**4,339**	**46,233**
At 31 December 2014						
Cost	8,402	55,983	6,661	1,528	4,339	76,913
Accumulated depreciation	-	(27,022)	(3,658)	-	-	(30,680)
Net book amount	**8,402**	**28,961**	**3,003**	**1,528**	**4,339**	**46,233**

(a) Amortisation

The BCB coal technology licence and detailed BCB plant design have finite lives and are amortised over their useful lives. The Americanisation of the BCB plant design and development costs have yet to reach a stage where they are available for use by the Company.

Note 12. Current liabilities – Trade and other payables

	31 December 2014	30 June 2014
	$'000	$'000
Trade creditors	**6,028**	5,132
Other creditors	**1,225**	3,167
Deferred income – government grant	**435**	435
Deferred income - other	**21**	-
Accrued interest on shareholder loan – Black River	**-**	772
Loan from shareholder – Black River (a)	**-**	7,012
	7,709	16,518

(a) Loan from shareholders – Black River

Reflects the shareholder loans from Black River Investment WEC Africa LLC ("Black River") to River Energy JV Ltd ("REJV") which is due for repayment in less than 12 months.

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Note 13. Non-current liabilities – Other payables

	31 December 2014	30 June 2014
	$'000	$'000
Deferred income – government grant (a)	**1,413**	1,631
Other payables	**3,443**	3,040
Accrued interest on shareholder loan – (b)	**2,211**	310
Loan from shareholder – (c)	**40,537**	15,449
	47,604	20,430

(a) Deferred income – government grant

The Company received $4,349,037 in 2008 from the Commonwealth Government of Australia as part of the AusIndustry's Commercial Ready innovation grant program. This amount is being amortised over the life of the Cessnock Demonstration Plant.

(b) Accrued interest on shareholder loans

Interest accruing on loans provided by Black River Investment WEC Africa LLC to REJV and Black River CPF M&M REJV UK Holdco LLC to MCC and River Energy UK JV Limited ("REUK"), which is due for repayment in greater than 12 months.

(c) Loans from shareholders – Black River

Loans provided by Black River Investment WEC Africa LLC to REJV and Black River CPF M&M REJV UK Holdco LLC to MCC and REUK, which is due for repayment in greater than 12 months.

Note 14. Contributed equity

	31 December 2014	30 June 2014	**31 December 2014**	30 June 2014
	Shares	Shares	**$'000**	$'000
Opening Balance	**322,974,494**	322,974,494	**490,938**	490,938
Ordinary shares issued during the period				
Exercise of options issued under the executive retention plan	**5,400,000**	-	**2,539**	-
	328,374,494	322,974,494	**493,477**	490,938

Note 15. Matters subsequent to the end of the reporting period

On 27 February 2015 the Company announced that it had completed commissioning of the new coal wash plant constructed by its 51% owned subsidiary company, MCC in Kentucky, U.S..

No other significant matters or circumstances have arisen since 31 December 2014 that have significantly affected, or may significantly affect:

(1) the Company's operations in future financial years, or

(2) the results of those operations in future financial years, or

(3) the Company's state of affairs in future financial years.

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Note 16. Business Combination

(a) Prior period - Mountainside Coal Company Inc ("MCC")

On 4 October 2013 the Company acquired 100% of the capital stock of MCC, a Company which operates several coal mines in Kentucky, U.S..

During the period the Company completed accounting for the acquisition of MCC as required by the accounting standards. As at 4 October 2014 an additional US$1,250,000 had been paid to the vendor from the consideration held in escrow on acquisition date. The final US$750,000 held by an escrow agent as security for the payment of any indemnification obligations is expected to be paid to the vendor in tranches over the period to June 2015.

The final purchase consideration, the net assets and goodwill are as follows (in Australian Dollars):

Purchase consideration	**$'000**
Cash paid on settlement	10,001
Cash paid after settlement (i)	1,800
Cash paid - option payments (ii)	741
Consideration held in escrow (iii)	794
Total purchase consideration	**13,336**

(i) Cash paid after settlement

The amount paid to the former shareholders of MCC for the sum of accounts receivable existing on the acquisition date, coal in transit on the acquisition date and the amounts released from the consideration held in escrow as at 4 October 2014.

(ii) Cash paid - option payments

The amount paid by the Company in connection with the Option Agreements executed on the 12 December 2012 and 23 August 2013.

(iii) Consideration held in escrow

The amount of the purchase price which is held in escrow as at 4 October 2014 under the control of an externally appointed escrow agent, as security for the vendors' indemnification obligations. The escrow amount will be released progressively over the period up to 30 June 2015 when identified milestones have been met.

The purchase consideration recorded above reflects the consideration transferred to the former owners of MCC for control of the Company. It does not include the liabilities assumed on acquisition of MCC which were paid directly to MCC's creditors.

The total consideration paid by the Company to acquire MCC was as follows (in Australian Dollars):

	$'000
Purchase consideration paid directly to the vendor	13,336
Amounts paid directly to creditors to extinguish pre-acquisition liabilities	7,918
Total purchase price	**21,254**

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The base price of the acquisition of MCC was US$20m plus the sum of closing day assets: cash, prepaid insurance, inventory of fuel and explosives, less the sum of closing day liabilities, and option payments made.

During the period, the Company finalised the acquisition accounting of MCC. The assets and liabilities recognised as a result of the acquisition are as follows (translated in Australian Dollars):

	Fair Value $'000
Restricted cash	3,042
Trade and other receivables	188
Inventory	627
Property, Plant and Equipment	19,295
Trade and other payables	(8,329)
Borrowings	(2,666)
Provisions	(716)
Deferred tax liability	(5,403)
Net identifiable assets acquired	**6,038**
Add: goodwill	7,298
	13,336

The goodwill is attributable MCC's existing market share and the synergies expected to arise after the Company's acquisition. None of the goodwill is expected to be deductible for tax purposes.

Note 17. Contingent liabilities - Indemnity and insurance claims

The Company has received indemnity claims from certain former directors of the Company for legal costs incurred as a result of their participation in an ICAC public inquiry (Operation Jasper) and subsequent court proceedings during the current and prior periods.

The Company has established an independent board committee ("IBC") to review these claims and determine the most appropriate course of action for the Company, including whether the Company will have to make any future payments in relation to these claims and whether any expense incurred as a consequence would be reimbursable under the Company's insurance policies.

The Company's insurers have also sought reimbursement of amounts previously paid for claims in respect of ICAC legal costs.

The IBC do not currently believe that the Company will have to provide for any additional amounts in respect of these claims beyond amounts already accrued. The total amount of claims against the Company in relation to the matters referred to above is $6,000,000 as at the date of signing the interim financial report.

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Note 18. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by White Energy during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

(a) Changes to presentation

The Company updated the prior year comparative balances following the completion of the MCC acquisition accounting. We believe that this will provide more relevant information to our stakeholders.

(b) New and amended standard adopted by the Company

The Company did not have to change its accounting policies or make retrospective adjustments as a result of the new accounting standards or changes to accounting standards. There may be some changes to the disclosures in the 30 June 2015 Annual Report as a consequence of these amendments.

(c) Impact of standards issued but not yet applied by the Company

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard or Interpretation	Effective for reporting periods beginning on or after
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018
AASB 2014- 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-15 'Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 January 2016
2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture'	1 January 2016
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Standards 2012-2014 Cycle'	1 January 2016

The Company has not yet determined whether the adoption of the above standards and interpretations will have a material impact to the financial statements.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 23 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that White Energy Company Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Brian Flannery
Managing Director

Brisbane
9 March 2015

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Independent auditor's review report to the members of White Energy Company Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of White Energy Company Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for White Energy Company Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of White Energy Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of White Energy Company Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Brett Entwistle
Partner

Sydney
9 March 2015

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Corporate directory

Directors	Travers Duncan *Chairman* Brian Flannery *Managing Director* Graham Cubbin *Non-Executive Director* Hans Mende *Non-Executive Director* Vincent O'Rourke *Non-Executive Director* Terence Crawford *Non-Executive Director*
Company Secretary	David Franks
Principal registered office	White Energy Company Limited Suite 4, Level 9 341 George Street Sydney NSW 2000
Share registry	Computershare Investor Services Pty Limited 117 Victoria Street West End, Queensland 4001 Telephone: 1300 552 270 Facsimile: (07) 3237 2152
Auditor	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 2000
Solicitors	Hebert Smith Freehills ANZ Tower 161 Castlereagh Street Sydney NSW 2000
Bankers	Commonwealth Bank of Australia 48 Martin Place Sydney NSW 2000
Stock exchange listing	White Energy Company Limited shares are listed on the Australian Securities Exchange (WEC) and is also traded on the U.S. based OTCQX exchange (WECFY).
Website address	www.whiteenergyco.com.au