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White Energy Company Limited ABN 62 071 527 083

Interim Financial Report

31 December 2015

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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 2015 and any public announcements made by White Energy Company Limited 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 2015.

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 2015, MCC has focused on the mining, production and selling of high quality, low ash stoker coal product for the silicon smelting industry. The majority of the low ash sized coal produced by MCC was sold to a major U.S. silicon metal producer with whom MCC has a sales contract to supply up to 13,000 tons of low ash stoker coal product per month.

MCC generated $14.7m in coal sale revenue for the half-year. The majority of the coal sold during the period was processed through MCC's new coal wash plant which was commissioned during February 2015. The new coal wash plant is operating to its design criteria and is performing efficiently.

In addition to supplying domestic customers, MCC has continued to investigate the opportunity to export the low ash stoker coal product, and trials supporting this opportunity have continued.

During the half-year, MCC incurred an EBITDA loss of approximately $6m (White Energy's 51% share $3.1m). In light of the current market conditions for coal in the U.S., MCC management over the past six months has implemented a number of cost reduction initiatives which involved the Company significantly reducing thermal coal production and reducing mining costs.

The U.S. East Coast thermal coal market has continued to decline as a result of the low priced methane gas, with further mine closures in the U.S. reported during the past six months.

As previously advised to shareholders, the final stage in MCC's strategy will be to commit to the construction of a BCB plant to briquette coal fines remaining from production at MCC's mining operations. In this regard, we are also investigating other market opportunities for these high quality fines. In this regard, the Company continued to test coal fines sourced from MCC's new coal wash plant at White Energy's Cessnock Demonstration Plant during the half-year period.

MCC management expects that a final decision on whether to proceed with the BCB plant will be made in the near future, once requisite sales contracts for the washed stoker product have been confirmed. The expected completion date of the proposed BCB plant is 12 months from the commencement of construction.

Directors' report (continued)

Review of operations (continued)

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

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 which are capable of delivering production of between 1%-2% ash coal for the silicon smelting industry.

(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, River Energy JV Limited ("River Energy"), has continued to progress a number of project opportunities with the major coal producers in the South African coal market during the half-year ended 31 December 2015. An outline of the current status and progress made on the two most advanced project opportunities is as follows:

(i) Detailed Design and Engineering Following Completion of Second Detailed Feasibility Study ("DFS")

Work on the study component of the project has now principally been completed and the focus of the project has shifted to reviewing project options and seeking an agreement on the transaction details with the coal producer in question. While the preferred option for the project in the current market has been essentially agreed with the coal producer, the parties were not able to finalise the binding transaction documentation by 31 December 2015. The parties have committed to reaching a decision on whether or not to proceed with this project by 31 March 2016 and, if the decision is to proceed with the project, also complete the necessary transaction documentation by 31 March 2016.

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Directors' report (continued)

Review of operations (continued)

(ii) Standalone BCB Plant Opportunity at the Woestalleen Colliery

During the half-year period ending 31 December 2015, a Business Rescue Plan for the owners and operators of the site was proposed by the Business Rescue Practitioner and accepted by the creditors. This was ratified on 31 July 2015 and the Business Rescue Practitioner had 60 days from that date (to the 27 October 2015) to complete the implementation of the plan and commence the repayment of creditors in accordance with the plan.

Unfortunately the implementation of the Business Rescue Plan has proven to be more complex than expected. Despite the fact that the Business Rescue process has taken much longer than all parties expected, the owners, operators and the Business Rescue Practitioner all remain confident that the plan will be implemented in the near future.

Once the Business Rescue process has concluded, River Energy expects to be able to finalise the process optimisation and be able to ramp-up the resources required to maximise the volume of fine coal that it can recover, beneficiate and dewater. Off-take arrangements are currently being put in place in anticipation of River Energy being back on site during the March 2016 quarter.

Once it is clear that operations at the site have been permanently ramped-up to wash ROM coal, the River Energy team will revisit the option that it has to construct a small beneficiation and briquetting plant on this site.

Indonesia

During the half-year period, White Energy representatives in Indonesia 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 the Company 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) Research and Development Activities

During the period, the Company's Research and Development team continued to test the ability of the BCB technology to briquette and agglomerate MCC coal fines. A bulk shipment of ultra-low ash coal fines sourced from MCC was received at the Cessnock facility, with test work on these coal fines continuing into late December 2015.

Machinery and equipment refinements remain a key element of the testing activities being undertaken at Cessnock, as does the evaluation of the briquetted product. Efforts are being made to further value-add by investigating alternate markets and processing techniques, leveraging the exceptionally high purity of the briquetted material being produced using the BCB technology.

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Directors' report (continued)

Review of operations (continued)

Australia (continued)

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

The Company continues to analyse commercialisation options for potential mining and gasification of the EL 4534 coal deposit which is located within close proximity to existing rail infrastructure.

General Corporate

(i) Update on Legal Dispute

Singapore Proceedings

Further to previous updates provided to shareholders, the Company wishes to advise that the first tranche of the trial in connection with the legal proceedings initiated in late 2011 by BCBC Singapore Pte Ltd ("BCBCS") and Binderless Coal Briquetting Company Pty Limited, indirect 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 (the "Suit") was heard by the newly established Singapore International Commercial Court ("SICC") in November 2015. The SICC has reserved its decision and the Company will advise shareholders of any further updates in this regard.

Australian Proceedings – Freeze Order

The Company refers to its previous announcements in relation to the freezing orders made by the Supreme Court of Western Australia ("Supreme Court") on 5 April 2012 in favour of BCBCS in respect of Bayan's 56% shareholding in Kangaroo Resources Limited ("KRL"), a publicly listed Australian company ("freezing orders").

The Company refers to its announcement on 24 October 2014 advising the market that Bayan had served on BCBCS a notice of Bayan's intention to appeal to the High Court of Australia from the orders made by the Court of Appeal of Western Australia, dismissing the challenge by Bayan to the grant and scope of the freezing orders.

Bayan's appeal was heard before the Full Court of the High Court of Australia in August 2015. On 14 October 2015, the High Court of Australia unanimously dismissed Bayan's appeal. An order has been made that Bayan pay BCBCS' costs of the appeal. The freezing orders will remain in place unless and until there is a further order made by the Supreme Court. The Company expects that the freezing orders will remain in place until after the conclusion of the proceedings against Bayan in the SICC.

(ii) Financial position and results for the half-year

The Company had cash reserves of $15.4m (30 June 2015: $25.6m) excluding $6.3m recorded as restricted cash (30 June 2015: $4.9m).

The Company has prepared a cash flow forecast to 28 February 2017. The cash flow forecast demonstrates the need to raise additional funding to meet the Company's forecast expenditure for the period.

These conditions give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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Directors' report (continued)

Review of operations (continued)

The Directors believe that the Company will be able to continue as a going concern on the condition that it can carry out one or a combination of the following in the next 12 months:

(1) As previously foreshadowed the Company plans to raise additional equity funds for the ongoing activities of the Company, as required. The Company has been successful in raising equity funds through the issue of new shares in the past;

(2) The Directors believe, based on past experience, that they can raise third party debt financing to part fund any future project capital expenditure requirements;

(3) The Company can undertake a sale of specific assets in the required time period if required; and

(4) There has been a history of rolling limited-recourse shareholder loans and this is expected to continue going forward.

The Directors believe that the Company will be successful in the above matters and accordingly have prepared the financial statements on a going concern basis and that the Group will be able to realise its assets and settle its debts as and when they fall due and payable in the normal course of business.

The total assets balance decreased from $170.4m at 30 June 2015 to $143.3m as at 31 December 2015 as a result of the impairment of goodwill recognised on the acquisition of MCC, the continued depreciation of property, plant and equipment, the continued amortisation of intangible assets and the losses derived by the Company and its subsidaries.

The increase in liabilities from $69.1m to $73.9m predominantly reflects the additional shareholder loans provided by the Company's joint venture partner, funds managed by Black River Asset Management LLC (Proterra Investment Partners LLP from January 2016), for the ongoing working capital requirements of MCC and River Energy.

The Consolidated Entity's net loss before tax for the half-year ended 31 December 2015 was $31.8m (2014: $17.3m). The Company's adjusted normalised EBITDA loss for the half-year ended 31 December 2015 was $6.5m (2014: $6.2m), which has been determined as follows:

	Half-year	
	31 December 2015	31 December 2014
	$'000	$'000
Consolidated entity net loss for the half-year before income tax	**(31,752)**	(17,339)
Non-cash expenses:		
Depreciation/amortisation	**6,941**	4,194
Impairment expense	**9,972**	1,212
Fair value losses/(gains)	**(604)**	(313)
Other	**1,217**	713
Sub-total	**17,526**	5,806
Other significant items		
Finance costs	**1,352**	806
Legal costs – litigation	**2,840**	1,243
Sub-total	**4,192**	2,049
Consolidated entity adjusted normalised EBITDA	**(10,034)**	(9,484)
Non-controlling interests share of normalised EBITDA	**3,539**	3,276
White Energy adjusted normalised EBITDA	**(6,495)**	(6,208)

Directors' report (continued)

Review of operations (continued)

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 loss tax and normalised EBITDA. The Directors use normalised EBITDA to assess the performance of the Company. The consolidated entity adjusted normalised EBITDA ($10,034,000) reconciles to the segment information EBITDA result for the year ($12,874,000) disclosed on page 13, after adding back legal costs - litigation ($2,840,000) 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.

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
29 February 2016

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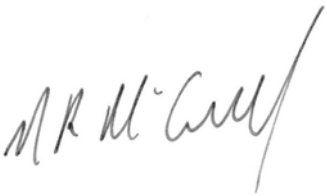
Auditor's Independence Declaration

As lead auditor for the review of White Energy Company Limited for the half-year ended 31 December 2015, 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.



N R McConnell
Partner
PricewaterhouseCoopers

Sydney
29 February 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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White Energy Company Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2015

	Notes	Half-year **31 December 2015** **$'000**	31 December 2014 $'000
Revenue	4	**16,509**	12,103
Other income		**604**	313
Coal mining operation expenses	5	**(18,843)**	(11,255)
Foreign exchange loss		**(114)**	(331)
Accounting, tax and audit fees		**(151)**	(347)
Employee benefits expense	5	**(4,062)**	(4,833)
Depreciation and amortisation expense	5	**(6,941)**	(4,194)
Finance costs	5	**(1,352)**	(806)
External advisory fees	5	**(3,378)**	(3,360)
Occupancy expenses	5	**(334)**	(387)
Travel expenses		**(375)**	(404)
Cost of goods sold – livestock		**(976)**	(361)
Plant operating costs		**(260)**	(402)
Write-offs/impairment expense	5	**(9,972)**	(1,212)
Other expenses		**(2,107)**	(1,863)
Loss before income tax for the half-year		**(31,752)**	(17,339)
Income tax credit		**-**	1,731
Net loss for the half-year		**(31,752)**	(15,608)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(233)**	2,066
Total other comprehensive income for the half-year		**(233)**	2,066
Total comprehensive loss for the half-year		**(31,985)**	(13,542)
Net loss is attributable to:			
Owners of White Energy Company Limited		**(19,271)**	(12,388)
Non-controlling interest		**(12,481)**	(3,220)
Total loss for the half-year		**(31,752)**	(15,608)
Total comprehensive loss is attributable to:			
Owners of White Energy Company Limited		**(20,723)**	(11,694)
Non-controlling interests		**(11,262)**	(1,848)
Total comprehensive loss for the half-year		**(31,985)**	(13,542)
Earnings per share for loss attributable to ordinary equity holders of White Energy Company Limited		**Cents**	Cents
Basic and diluted earnings per share		**(5.87)**	(3.77)

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 2015

	Notes	**31 December 2015 $'000**	30 June 2015 $'000
Current assets			
Cash and cash equivalents	6	**15,369**	25,635
Trade and other receivables	7	**1,852**	4,079
Inventories	8	**1,871**	4,397
Total current assets		**19,092**	34,111
Non-current assets			
Restricted cash	9	**6,267**	4,915
Biological assets – livestock	10	**2,651**	2,848
Property, plant and equipment	11	**54,510**	56,565
Exploration assets	12	**27,750**	27,231
Intangible assets	13	**33,074**	44,748
Total non-current assets		**124,252**	136,307
Total assets		**143,344**	170,418
Current liabilities			
Trade and other payables	14	**(10,994)**	(13,407)
Provisions	15	**(1,801)**	(2,045)
Total current liabilities		**(12,795)**	(15,452)
Non-current liabilities			
Provisions	15	**(691)**	(724)
Other payables	16	**(60,378)**	(52,904)
Total non-current liabilities		**(61,069)**	(53,628)
Total liabilities		**(73,864)**	(69,080)
Net assets		**69,480**	101,338
Equity			
Contributed equity	17	**493,476**	493,476
Reserves	18	**(14,634)**	(13,309)
Accumulated losses	19	**(391,493)**	(372,222)
Total equity attributable to owners of White Energy Company Limited		**87,349**	107,945
Non-controlling interests	20	**(17,869)**	(6,607)
Total equity		**69,480**	101,338

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 2015

	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 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	2,538	-	-	2,539	-	2,539
Share based payments	-	(2,518)	-	(2,518)	-	(2,518)
	2,538	**(2,518)**	**-**	**21**	**-**	**21**
Balance at 31 December 2014	**493,476**	**(12,573)**	**(356,902)**	**124,002**	**1,787**	**125,789**
Balance at 1 July 2015	**493,476**	**(13,309)**	**(372,222)**	**107,945**	**(6,607)**	**101,338**
Loss for the half-year	-	-	(19,271)	(19,271)	(12,481)	(31,752)
Other comprehensive income	-	(1,452)	-	(1,452)	1,219	(233)
Total comprehensive income/(loss) for the half-year	**-**	**(1,452)**	**(19,271)**	**(20,723)**	**(11,262)**	**(31,985)**
Transactions with owners in their capacity as owners						
Share based payments	-	127	-	127	-	127
	-	**127**	**-**	**127**	**-**	**127**
Balance at 31 December 2015	**493,476**	**(14,634)**	**(391,493)**	**87,349**	**(17,869)**	**69,480**

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 2015

	Notes	Half-year **31 December 2015** **$'000**	31 December 2014 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of goods and services tax)		**18,681**	12,501
Payments to suppliers and employees (inclusive of goods and services tax)		**(29,857)**	(26,156)
		(11,176)	(13,655)
Interest received		**362**	970
Payments for certificates of deposit restricted for bonds		**(1,202)**	(2,571)
Net cash outflow from operating activities		**(12,016)**	(15,256)
Cash flows from investing activities			
Payments for exploration assets		**(408)**	(512)
Payments for property, plant and equipment		**(1,281)**	(14,192)
Payments for development costs		**(1)**	(35)
Net cash outflow from investing activities		**(1,690)**	(14,739)
Cash flows from financing activities			
Proceeds from shareholder loans		**3,521**	14,741
Net cash inflow from financing activities		**3,521**	14,741
Net decrease in cash and cash equivalents		**(10,185)**	(15,254)
Cash and cash equivalents at the beginning of the half-year		**25,635**	56,386
Effect of exchange rate changes on cash and cash equivalents		**(81)**	195
Cash and cash equivalents at the end of the half-year		**15,369**	41,327

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 in Kentucky, U.S..

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 the Company's revenue in the future.

The Company's business 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 2015 was in the following format:

Half-year 31 December 2015	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	4,381	-	236	-	-	-	1,147	14,792	201	(4,248)	16,509
Total expenses	(7,486)	(10)	(769)	92	(59)	(17)	(327)	(20,839)	(200)	232	(29,383)
EBITDA (*)	**(3,105)**	**(10)**	**(533)**	**92**	**(59)**	**(17)**	**820**	**(6,047)**	**1**	**(4,016)**	**(12,874)**
Depreciation	(885)	-	(202)	-	-	-	(62)	(3,514)	-	(8)	(4,671)
Amortisation	(1,931)	-	(455)	-	-	-	-	(220)	(942)	1,278	(2,270)
Interest expense	(11)	-	(863)	(1,106)	-	-	-	(1,665)	(1,048)	3,341	(1,352)
Impairment expense	-	-	-	-	-	-	-	(9,972)	-	-	(9,972)
Other expenses	(138)	(103)	4	-	-	-	(980)	-	-	-	(1,217)
Fair value gains	-	-	-	-	-	-	604	-	-	-	604
Loss before income tax (*)	**(6,070)**	**(113)**	**(2,049)**	**(1,014)**	**(59)**	**(17)**	**382**	**(21,418)**	**(1,989)**	**595**	**(31,752)**

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

Half-year 31 December 2014	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	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)
Impairment expense	(1,212)	-	-	-	-	-	-	-	-	-	(1,212)
Other expenses	(86)	(274)	8	-	-	-	(361)	-	-	-	(713)
Fair value loss	-	-	-	-	-	-	313	-	-	-	313
Loss before income tax (*)	**(8,001)**	**(274)**	**(1,483)**	**(1,320)**	**(77)**	**(33)**	**4**	**(5,142)**	**(1,676)**	**663**	**(17,339)**

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Note 2. Going concern

As outlined in the Directors' report, the Company recorded a total comprehensive loss for the half-year period ending 31 December 2015 of $31,985,000 (2014: $13,542,000), had net cash outflows from operations of $12,016,000 (2014: $15,256,000) and a cash balance excluding restricted cash of $15,369,000 ($25,635,000 as at 30 June 2015). The Company's current assets exceed its current liabilities by $6,297,000 ($18,659,000 as at 30 June 2015). In this regard it should be noted that the Company does not have any external debt outstanding, aside from limited-recourse shareholder loans, trade payables and provisions incurred in the ordinary course of business. The Company has prepared a cash flow forecast to 28 February 2017. The cash flow forecast demonstrates the need to raise additional funding to meet the Company's forecast expenditure for the period.

These conditions give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Directors believe that the Company will be able to continue as a going concern on the condition that it can carry out one or a combination of the following in the next 12 months:

(1) As previously foreshadowed the Company plans to raise additional equity funds for the ongoing activities of the Company, as required. The Company has been successful in raising equity funds through the issue of new shares in the past;

(2) The Directors believe, based on past experience, that they can raise third party debt financing to part fund any future project capital expenditure requirements;

(3) The Company can undertake a sale of specific assets in the required time period if required; and

(4) There has been a history of rolling limited recourse shareholder loans and this is expected to continue going forward.

The Directors believe that the Company will be successful in the above matters and accordingly have prepared the financial statements on a going concern basis and that the Group will be able to realise its assets and settle its debts as and when they fall due and payable in the normal course of business.

Note 3. Dividends

No amounts have been paid or declared by way of dividend during the period ended 31 December 2015 (2014: Nil).

Note 4. Revenue

	31 December 2015	31 December 2014
	$'000	$'000
From continuing operations		
Coal sales	**14,720**	9,069
Interest income	**243**	1,032
Government grants (a)	**217**	217
Proceeds from the sale of wool and livestock	**982**	501
Sampling income – potential customers	**17**	1,113
Sundry Income	**330**	171
	16,509	12,103

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Note 4. Revenue - continued

(a) Government grants

Government grant income of $217,000 (2014: $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.

Note 5. Expenses

	31 December 2015	31 December 2014
	$'000	$'000
Loss before income tax includes the following specific expenses:		
Depreciation expense – Property, plant and equipment	**(4,671)**	(2,271)
Amortisation expense – Intangible assets	**(2,270)**	(1,923)
Total depreciation and amortisation expense	**(6,941)**	(4,194)
Consulting, external management and professional fees	**(538)**	(1,931)
Legal fees – Litigation	**(2,840)**	(1,243)
Legal fees – Other	**-**	(186)
Total external advisory fees	**(3,378)**	(3,360)
Impairment expense – Goodwill	**(9,972)**	-
Write-offs – Property, plant and equipment	**-**	(1,124)
Impairment expense – Exploration assets	**-**	(88)
Total write-offs/impairment expense	**(9,972)**	(1,212)
Finance costs expensed	**(1,352)**	(806)
Coal mining operations	**(18,843)**	(11,255)
Occupancy expenses – Minimum lease payments	**(334)**	(387)
Defined contribution superannuation expense	**(208)**	(272)
Other employee benefits expense	**(3,854)**	(4,561)
Total employee benefits expense	**(4,062)**	(4,833)

Note 6. Current assets – Cash and cash equivalents

	31 December 2015	30 June 2015
	$'000	$'000
Cash at bank and on hand	**15,369**	25,635
	15,369	25,635

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Note 7. Current assets – Trade and other receivables

	31 December 2015 $'000	30 June 2015 $'000
Trade debtors	**977**	3,222
Provision for impairment of receivables	**(178)**	(178)
Deposits	**316**	317
Prepayments	**685**	526
Interest receivable	**29**	142
Other receivables	**23**	50
	1,852	4,079

Note 8. Current assets – Inventories

	31 December 2015 $'000	30 June 2015 $'000
Coal stockpiles – Run of Mine at cost	**186**	1,375
Coal stockpiles – Product at cost	**1,607**	2,862
Other	**78**	160
	1,871	4,397

Note 9. Non-current assets - Restricted cash

	31 December 2015 $'000	30 June 2015 $'000
Restricted cash – security bond (a)	**2,000**	2,000
Reclamation bonds (b)	**4,267**	2,915
	6,267	4,915

(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 10. Non-current assets – Biological assets - livestock

	31 December 2015 $'000	30 June 2015 $'000
Opening balance	**2,848**	2,208
Purchases – other	**15**	34
Sales	**(816)**	(438)
Change in net market value	**604**	1,044
Closing balance	**2,651**	2,848

Livestock numbers at 31 December 2015 were 15,559 (2015: 18,501) which comprised 13,500 (2015: 16,362) sheep and 2,059 (2015: 2,139) cattle.

Note 11. Non-current assets – Property, plant and equipment

	Plant and Equipment $'000	Leasehold improvements $'000	Land $'000	Mineral Properties $'000	Total $'000
At 30 June 2015					
Cost	68,090	214	2,971	4,045	75,320
Accumulated depreciation	(16,271)	(156)	-	(2,328)	(18,755)
Net book amount	51,819	58	2,971	1,717	56,565
Half-year ended 31 December 2015					
Opening net book amount	51,819	58	2,971	1,717	56,565
Additions	1,236	-	-	45	1,281
Transfers	408	-	-	-	408
Disposals	(521)	-	-	-	(521)
Impairment expense	-	-	-	-	-
Depreciation expense	(4,330)	(9)	-	(332)	(4,671)
Exchange differences	1,337	-	20	91	1,448
Closing net book amount	**49,949**	**49**	**2,991**	**1,521**	**54,510**
At 31 December 2015					
Cost	70,645	214	2,991	4,182	78,032
Accumulated depreciation	(20,696)	(165)	-	(2,661)	(23,522)
Net book amount	**49,949**	**49**	**2,991**	**1,521**	**54,510**

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Note 12. Non-current assets – Exploration assets

	31 December 2015	30 June 2015
	$'000	$'000
Coober Pedy : EL4534 (a)		
Cost at beginning of reporting period	**7,269**	7,210
Additional expenditure	**28**	59
Net book amount	**7,297**	7,269
Bowen Basin : EPC23256		
Cost at beginning of reporting period	**-**	66
Additional expenditure	**-**	22
Expenditure written off	**-**	(88)
Net book amount	**-**	-
Mountainside Coal Company		
Cost at beginning of reporting period	**2,172**	951
Additional expenditure	**380**	1,005
Exchange differences	**111**	216
Net book amount	**2,663**	2,172
Exploration rights		
Cost at beginning of reporting period	**17,790**	17,790
Net book amount (a)	**17,790**	17,790
Exploration assets net book amount	**27,750**	27,231

(a) Exploration license

SAC is currently awaiting the formal issue of a renewed exploration license (ELA 2015/00066) for EL4534. SAC recently received confirmation from the South Australian Department of State Development that a subsequent license to EL4534 (ELA 2015/00066) was to be offered to the Company for a further 5 years, with official conditions still pending.

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Note 13. Non-current assets – Intangible assets

	Goodwill	BCB Coal technology licence	Detailed BCB plant design	Americanisation of the BCB plant design	Development costs	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2015						
Cost	9,390	55,983	6,661	1,528	4,734	78,296
Accumulated amortisation	-	(28,611)	(3,992)	-	(945)	(33,548)
Net book amount	**9,390**	**27,372**	**2,669**	**1,528**	**3,789**	**44,748**
Half-year ended 31 December 2015						
Opening net book amount	9,390	27,372	2,669	1,528	3,789	44,748
Additions	-	-	-	-	1	1
Exchange differences	582	-	-	-	(15)	567
Amortisation (a)	-	(1,590)	(333)	-	(347)	(2,270)
Impairment (b)	(9,972)	-	-	-	-	(9,972)
Closing net book amount	**-**	**25,782**	**2,336**	**1,528**	**3,428**	**33,074**
At 31 December 2015						
Cost	-	55,983	6,661	1,528	4,533	68,705
Accumulated amortisation	-	(30,201)	(4,325)	-	(1,105)	(35,631)
Net book amount	**-**	**25,782**	**2,336**	**1,528**	**3,428**	**33,074**

(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.

(b) Impairment

The carrying amount of the coal mining cash generating unit ("CGU") has been reduced to its recoverable amount through the recognition of an impairment loss against goodwill. The impairment charge arose when it was identified that the recoverable amount of the coal mining CGU was less than the carrying value of the coal mining CGU, following the identification of impairment indicators, the continued deterioration in global coal prices and the trading performance of the coal mining operations.

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Note 14. Current liabilities – Trade and other payables

	31 December 2015	30 June 2015
	$'000	$'000
Trade creditors	**4,843**	7,441
Other creditors	**1,553**	1,732
Accrued license fee	**4,142**	3,792
Deferred income – government grant	**435**	435
Deferred income – rental income	**21**	7
	10,994	13,407

Note 15. Current and non-current liabilities – Provisions

	31 December 2015	30 June 2015
	$'000	$'000
Current liability		
Make good provisions	**40**	39
Reclamation provision	**1,761**	2,006
	1,801	2,045
Non-current liability		
Employee provisions	**691**	724
	691	724

Note 16. Non-current liabilities – Other payables

	31 December 2015	30 June 2015
	$'000	$'000
Deferred income – government grant (a)	**979**	1,196
Accrued interest on shareholder loans – Black River (b)	**5,339**	3,630
Loans from shareholders – Black River (c)	**54,060**	48,078
	60,378	52,904

(a) Deferred income – government grant

The Company received $4,349,000 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 – Black River

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 are 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 are due for repayment in greater than 12 months.

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Note 17. Contributed equity

	31 December 2015	30 June 2015	**31 December 2015**	30 June 2015
	Shares	Shares	**$'000**	$'000
Opening Balance	**328,374,494**	322,974,494	**493,476**	490,938
Ordinary shares issued during the period				
Exercise of options issued under the executive retention plan	**-**	5,400,000	**-**	2,538
	328,374,494	328,374,494	**493,476**	493,476

Note 18. Reserves

	31 December 2015	30 June 2015
	$'000	$'000
Share based payment	**6,979**	6,852
Foreign currency translation	**(21,613)**	(20,161)
	(14,634)	(13,309)

Note 19. Accumulated losses

	31 December 2015	30 June 2015
	$'000	$'000
Accumulated losses at the beginning of the financial year	**(372,222)**	(344,386)
Profit/(loss) attributable to members of White Energy	**(19,271)**	(27,836)
Accumulated losses at the end of the financial year	**(391,493)**	(372,222)

Note 20. Non-controlling interests

	31 December 2015	30 June 2015
	$'000	$'000
Interests in:		
Share capital	**9,071**	9,071
Reserves	**1,944**	725
Accumulated losses	**(28,884)**	(16,403)
	(17,869)	(6,607)

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Note 21. Matters subsequent to the end of the reporting period

On 3 February 2016 the Company announced that it was going to close its Sydney office and concentrate its management team in Brisbane which will become the Company's principal place of business. The decision to close the Sydney office is expected to result in a number of staff redundancies and relocation costs. The costs are not expected to be material and are unable to be quantified as at the date of signing the interim financial report.

No other significant matters or circumstances have arisen since 31 December 2015 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.

Note 22. Contingent liabilities

(a) Contingencies – KSC legal dispute

On 27 December 2011, White Energy's wholly owned subsidiaries, BCBCS and BCBC, commenced legal proceedings in the High Court of the Republic of Singapore against Bayan. The proceedings relate to BCBCS's Singapore's 51% owned Indonesian subsidiary company, KSC, which is 49% owned by Bayan.

The issues in the proceedings include a claim by BCBCS and BCBC against Bayan for damages for breach of the Joint Venture Deed between the KSC shareholders, including the obligation to supply coal to KSC and the obligation to provide funding to KSC.

The matter is currently progressing through the Singapore legal system, with the first tranche of the trial heard by the newly established SICC in November 2015.

In response to the legal proceedings initiated by BCBCS on 27 December 2011, Bayan has filed a counterclaim against BCBCS and White Energy seeking damages, inter alia, the value of shareholder loans (and accrued interest thereon) advanced by Bayan to KSC. A contingent liability has not been recognised as at 31 December 2015.

The Directors believe that BCBCS took all steps to fulfill its joint venture obligations and that the failure of the Joint Venture is due to Bayan's failure to supply coal and provide funding to KSC and its purported termination of the Joint Venture Deed.

(b) 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.

During the year ended 30 June 2015 the Company 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 previously sought reimbursement of amounts previously paid for claims in respect of ICAC legal costs.

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Note 22. Contingent liabilities (continued)

(b) Contingent liabilities - Indemnity and insurance claims (continued)

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.

Note 23. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 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 2015 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) 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 2016 Annual Report as a consequence of these amendments.

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

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these standards

Standard or Interpretation	Effective for reporting periods beginning on or after
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-15 'Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018

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 2015 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
29 February 2016

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

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of White Energy Company Limited (the company), which comprises the consolidated balance sheet as at 31 December 2015, 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 the 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 interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim 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 interim 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 interim 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 2015 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 an interim 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*.

Emphasis of matter – going concern

Without modifying our conclusion, we draw attention to Note 2 in the Interim Financial Report which indicates that the consolidated entity incurred a total comprehensive loss of $31,985,000 and a net cash outflow from operating activities of $12,016,000 for the half year and will require additional funding to meet the Company's forecast expenditure within twelve months of the date of this report. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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going concern and, therefore, the consolidated entity may be unable to realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2015 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

N R McConnell
Partner

Sydney
29 February 2016

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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