ANNUAL REPORT

2015/2016

Coal Technology, Coal Mining and Exploration

white energy company limited

CONTENTS

White Energy is a globally diverse ASX-listed company, structured around two core business divisions:

COAL TECHNOLOGY

BENEFICIATION AND BRIQUETTING OF THERMAL AND METALLURGICAL COAL FINES.

UPGRADING OF SUB-BITUMINOUS COAL.

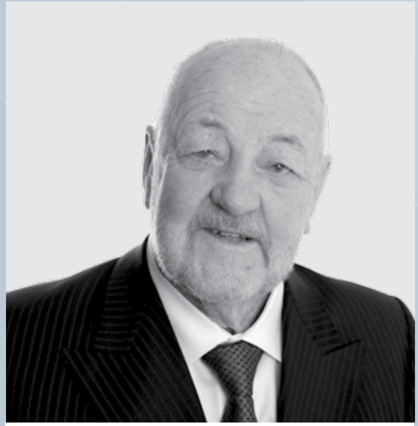
COAL MINING AND EXPLORATION

COAL MINING AT MOUNTAINSIDE COAL.

EXPLORATION AT MOUNTAINSIDE COAL AND SOUTH AUSTRALIAN COAL.

CHAIRMAN'S LETTER

Even in an environment of depressed coal prices, our BCB process provides an attractive solution for coal producers world-wide



TRAVERS DUNCAN CHAIRMAN

DEAR SHAREHOLDERS

As I write to White Energy's shareholders this year, I would like to think that 2016 will be viewed as having been an important year in the Company's transformation.

After almost two years of discussions with major coal producers, our River Energy operation in South Africa is close to signing an agreement to construct South Africa's first Binderless Coal Briquetting (BCB) plant.

I know that this protracted process has been as frustrating for shareholders as it has for us, but both parties have spent considerable time refining the project's scope, logistics and technical parameters since a non-binding term sheet was executed in 2015.

The proposed plant will showcase our patented BCB technology on the global stage and undoubtedly will lead to other opportunities from miners worldwide.

This project is typical of the opportunities we see at many coal processing plants, and the opportunity for us to increase the footprint of our technology is significant. Even in an environment of depressed coal prices, our BCB process provides an attractive solution for coal producers world-wide seeking to maximise mine yield and facing the environmental challenges posed by discarded coal fines.

We are actively pursuing significant opportunities globally to recover coal from what is currently a waste material which is considered to be an environmental liability, and convert it to a valuable, low moisture coal product.

While the coal industry in the USA continues to suffer from the competition of low-priced gas, demand for speciality low ash coal remains high and commands a significant price premium over regular thermal and coking coal. Our coal mining operation, Mountainside Coal Company (MCC) in Kentucky, USA has firmly established itself as a producer of this specialised stoker coal which is used for silicon and ferro-silicon production.

The recoverable coal resource at Flat Creek was impacted by previously unmapped old workings within the mine area, resulting in the resource being fully-depleted in September 2016, much earlier than previously planned.

The performance of the MCC mines this year has been a major disappointment, and weighed heavily on the group's earnings and cash flow. After assessing the reasons for the poor performance at MCC with our 49% joint venturer, Proterra Investment Partners, we made the tough decision to suspend all production activities from September 2016 while MCC undertakes additional resource definition activities and permitting of Blue Gem silicon grade coal resources within its leased tenement areas outside of the Flat Creek permit.

In the coming months, MCC plans to undertake additional infill drilling, exploration, and mine planning activities so as to reduce the risk of similar conditions impacting future mining and production.

The decision to suspend production was not taken lightly, but we believe that this investment in 'de-risking' the next stage of mining will increase the likelihood that the MCC operations will ultimately deliver positive financial returns to its owners.

In this difficult environment, the Company's Board and management have taken some tough decisions to secure the Company's future. We have re-shaped the Company to retain our competitiveness in the current market, with our leaner head office now located in Brisbane.

The Directors, CEO and executives took a 20% reduction in remuneration to conserve funds and we have sold our non-core livestock property, Ingomar Station in South Australia in September 2016, realising $6.3 million.

The first tranche of our litigation against PT Bayan Resources Tbk was heard by the Singapore International Commercial Court in November 2015. Its judgement was released in May 2016, dismissing Bayan's counterclaims against White Energy. The critical matters of coal supply obligation, contract repudiation and damages will be heard in future tranches of the trial, expected to be heard in 2017.

OUTLOOK

The worldwide demand for coal is gradually increasing, with limited commercial availability of good quality coals. We believe that White Energy remains well-positioned to benefit from the market upturn and continues to assess other investment opportunities in the coal market, both as targets for application of our BCB technology and other coal assets, more generally.

In the year ahead we will focus on closing the agreement to construct our first BCB plant in South Africa and commencing the detailed engineering work and construction of the plant. We expect interest in our world leading BCB technology to intensify following this first agreement.

Our technology has the potential to convert a waste product, which carries a significant ongoing financial and environmental liability for coal producers, into a saleable product. This resonates well with the current cost minimisation and optimisation focus of coal producers around the world.

We are optimistic that the MCC mining operations can be improved following the resource definition activities which are currently underway. Demand for the low ash stoker coal remains high and supply tight, leaving MCC in a strong position to capitalise on the market dynamics once it has de-risked its operations.

As we take on these challenges, I would like to express my thanks to my fellow Directors and staff for their efforts this past year.

I thank Hans Mende for his contribution to the Board for over five years before standing-down as a Director in March this year. And finally, I would like to thank all of our stakeholders for their continued patience and support over the past year.

I recommend shareholder approval for the resolutions to be voted on at the 2016 Annual General Meeting.

TRAVERS DUNCAN CHAIRMAN

AUGER OPERATIONS, MOUNTAINSIDE COAL COMPANY, KENTUCKY

MINING AT HUBBS HOLLOW, MOUNTAINSIDE COAL COMPANY, KENTUCKY

MANAGING DIRECTOR'S REPORT

We have been focussed on reshaping the company into an organisation that is well placed to capitalise on the next upturn of the resources industry

BRIAN FLANNERY
MANAGING DIRECTOR

Since my letter to shareholders in 2015, the Directors, management and staff throughout the White Energy group have been focussed on reshaping the Company into an organisation that is well placed to capitalise on the next upturn of the resources industry.

While much attention has been given to the protracted period of low demand (and prices) for coal, there remain opportunities to capitalise on demand for energy and carbon. Our coal briquetting technology remains relevant to today's coal producers as they struggle to balance their environmental obligations with production efficiencies and profitability, and the low ash coal produced from our coal mines in Kentucky continues to enjoy a price premium to thermal and coking coal.

While the performance of the MCC mining operations has been disappointing, much progress has been made in South Africa in finalising an agreement to build and operate a BCB plant. When executed, this agreement will be the culmination of two years of negotiations, testing and demonstrations and we expect that it will lead to other opportunities from miners worldwide who see the need to reduce their tailings disposal at the same time as monetising value from the saleable coal remaining in the tailings and tailings dams. Commercial opportunities do not apply to all coal tailings / tailings dams and White Energy will be selective in looking at each opportunity.

RIVER ENERGY

BCB COAL TECHNOLOGY

Significant progress was made during the year by White Energy's 51%-owned subsidiary, River Energy South Africa Pty Ltd (River Energy), in negotiating and documenting an agreement with a substantial South African coal producer to build, own and operate a fine coal beneficiation and briquetting plant in South Africa. The parties have spent considerable time refining the projects' scope, logistics and technical parameters during the year. It is proposed that the fine coal slurry from the mine will be recovered through beneficiation, and then dried and briquetted to produce a saleable export grade thermal coal product, which will be marketed by River Energy.

Extensive feasibility studies conducted over 18 months have involved sampling and testing on site, briquetting trials at White Energy's Cessnock commercial demonstration facility, combustion trials on test facilities in Australia and South Africa, and a significant materials handling and combustion trial on a commercial power plant in South Africa.

The proposed plant would give White Energy a credible foothold in the South African market.

We have identified many other world-wide opportunities to recover coal from what is currently a waste material which is considered to be an environmental liability, and convert it to a valuable, low moisture coal product. This is of particular interest to coal miners in the current market and we expect renewed interest in the technology following the commitment in South Africa. We are working closely with our 49% partner in River Energy, Proterra Investment Partners, to seek out other worldwide opportunities for fine coal recovery and briquetting.

WOESTALLEEN HUB

River Energy has removed its fine coal recovery plant from the Woestalleen Hub site as the Business Rescue Practitioner continues to implement its Business Rescue Plan. River Energy will continue to monitor progress, but expects to devote its resources to the BCB plant project in the foreseeable future.

MOUNTAINSIDE COAL COMPANY

COAL MINING AND EXPLORATION

The results from White Energy's subsidiary, Mountainside Coal Company (MCC) for the financial year to June 2016 was particularly disappointing given the initiatives implemented to reduce costs and focus on production of the higher-value low-ash coals. Revenues from the sales of coal of $27.4 million were up 3% on 2015 (in local USD) and 18% in AUD due to the declining Australian dollar.

This was however, well short of the target volumes as adverse geological conditions at the Flat Creek mine impacted both mined volumes and the yield of saleable coal. A number of target coal seams were thinner than previously experienced, which effected highwall mining yields. Elevated iron levels were also encountered in intermittent pockets of the Flat Creek resource, which meant the coal produced from the affected area was unsuitable for sale as a premium silica-grade stoker coal. Production was impacted in May and June while new areas were accessed.

In the course of these operations it became apparent that the mining area contained a significant number of previously unknown old mine workings which had depleted the estimated coal resource. The combination of these old workings and the adverse geological conditions, meant that the mineable resource at Flat Creek was reduced by more than 50% from the expected volume. Mining ceased at Flat Creek in September 2016, much earlier than planned.

As a result of the difficulties encountered, the EBITDA loss of $11.5 million was far higher than budgeted and similar to that of 2015.

In early September 2016 a decision was made to suspend all production activities and not open up new areas while additional resource definition activities and permitting of premium silica-grade stoker coal resources within various other leased tenement areas was conducted.

MCC currently has additional permits in various stages of approval and many acres containing low ash Blue Gem resources in Kentucky that are in the initial permitting phase. However, given the losses sustained from the adverse conditions encountered at Flat Creek, MCC intends to undertake additional infill drilling, exploration and mine planning activities in coming months so as to reduce the risk of similar conditions effecting future mining and production. Once proven, MCC will finalise the permitting process for the additional operations in order to recommence production.

Briquetting trials on coal fines sourced from MCC's coal wash plant were conducted at White Energy's Cessnock Demonstration Plant during the year. Testing is continuing, and initial results indicate that although viable briquettes of stoker coal can be formed without a binding agent, it will be difficult to achieve commercial production rates due to the specific characteristics of the coal fines from the Blue Gem seam. Management is investigating other alternative processes to upgrade the coal fines to a higher-value product rather than selling them to power stations.

As a result of the past poor performances and uncertainty about the future profitability of the MCC mining operations, we have recorded an impairment charge of $16.3 million against the carrying value of the MCC assets at 30 June. Demand for the premium silica-grade stoker coal remains high in the USA, with limited supply available. Our view is that the MCC operations can deliver attractive financial returns if the target production yields and costs can be achieved. The current resource definition work should enable more accurate mine planning which will help to achieve these objectives.

SOUTH AUSTRALIAN COAL – EL5719

COAL AND MINERALS EXPLORATION

During the year, EL4534 was renewed as EL5719 for a further five years. We continue to analyse commercialisation options for potential mining of the EL 5719 coal deposit, however the closure of the coal-fired Northern Power Station at Port Augusta from May 2016 limits the opportunities for developing the EL5719 resource in the near term. As a result, an impairment charge of $15.1 million was recognised against the exploration assets as at 30 June 2016.

CORPORATE

The prolonged depression of the resources industry has driven us to re-shape the company through a series of cost-cutting and efficiency initiatives. Executive salaries and Director fees were cut by 20% from 2015, the Company's head office was relocated from Sydney to Brisbane, and staff numbers have been cut to match the lower activity base.

The Group's available cash position at 30 June was $6.5 million and this was boosted by the $6.3 million net proceeds from the sale of our non-core livestock property, Ingomar Station in South Australia in September.

Our EBITDA loss for the year of $26.5 million was slightly worse than the $25.3 million recorded last year. This was disappointing, given our aspirations of last year, and was largely driven by the $11.5 million loss at MCC.

The costs of pursuing the Bayan litigation were also higher as the first tranche of the legal proceedings were heard in Singapore. Importantly, the court dismissed Bayan's counterclaims against White Energy, meaning that we have no liability to Bayan. The second tranche of the trial is likely to occur in early 2017.

I would like to thank our shareholders and employees for their continued support in the past year and I look forward to commencing construction of our first BCB plant in South Africa.

BRIAN FLANNERY MANAGING DIRECTOR

COAL BRIQUETTES, CESSNOCK DEMONSTRATION PLANT

DEMONSTRATION PLANT, CESSNOCK

Coal Technology

White Energy is the exclusive worldwide licensee of a patented technology for Binderless Coal Briquetting (BCB). The technology has been developed over a number of years and is capable of upgrading low cost, low rank coals and coal fines into more valuable, higher energy yielding briquettes.

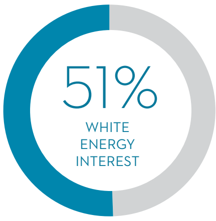
In the current market for coal, characterised by depressed prices, the BCB process provides an attractive solution for coal producers seeking to maximise mine yield and facing the environmental challenges posed by discarded coal fines. Several active opportunities are being discussed with mine owners globally to recover coal from what is currently a waste material which is considered to be an environmental liability, and convert it to a valuable, low moisture coal product.

In South Africa alone, it is estimated that there is over 1 billion tonnes of discard coal in tailings facilities, much of which will eventually need to be reclaimed.

White Energy operates demonstration and pilot plants at Cessnock (NSW, Australia) as a key testing and training facility. Coal samples from mines in Australia, South Africa, North America, India and China have been processed at the Cessnock facility to test for their responsiveness to the BCB process.

RIVER ENERGY

SOUTH AFRICA



White Energy's 51%-owned subsidiary, River Energy South Africa Pty Ltd (River Energy), is seeking to build, own and operate a fine coal beneficiation and briquetting plant at the site of a substantial coal mine in South Africa.

The proposed plant will recover fine coal from the tailing waste stream at the mine through beneficiation, which will then be dried and briquetted to produce a saleable export grade thermal coal product, which will be marketed by River Energy.

An extensive feasibility study was conducted over 18 months, involving sampling and testing on site, briquetting trials at White Energy's Cessnock commercial demonstration facility, combustion trials on test facilities in Australia and South Africa, and a significant materials handling and combustion trial on a commercial power plant in South Africa.

Detailed engineering and design will commence once the agreements are executed. Construction is expected to start in late 2017.


SCREEN EQUIPMENT ON SITE IN SOUTH AFRICA

THE BCB PROCESS

1. FINE COAL BENEFICIATION	Coal fines are delivered to the BCB plant site as a slurry and the coal particles are filtered through a series of screens.
2. COAL DRYING	Hot gas is required to dry the raw coal and / or coal fines. Hot gas is generated in a furnace fired on a combination of dried coal dust from the briquetting machines and dried coal from the cyclone coal surge bin. Hot gas is then exhausted from the furnace directly into the drying column. The raw coal and/ or coal fines is "flash dried" in the drying column where water in the coal is essentially evaporated off.
3. SOLIDS SEPARATION	The coal which is transported within the drying column using the flow velocity of the heated drying gas, is then separated from the now moisture laden gas using a pneumatic cyclone.
4. BRIQUETTING OF DRY COAL	The briquetting process involves the transportation of dry coal product downstream of the dried coal buffer bin, feeding the material to the briquette presses, briquetting, cooling the briquette product and placing it on a stockpile. This is done as a continuous process, taking only minutes for the material to move from being a raw, high moisture, low energy coal, into low moisture, high energy briquettes.
5. COOLING CONDITIONING	Cooled briquettes are placed on the open-air stockpile in preparation for transport. The briquettes continue to stabilise on the stockpile where they will reach their stable or 'equilibrium' moisture content. BCB is produced only marginally below this equilibrium moisture, so the total moisture of the stockpiled BCB product is considered very similar to that of natural coal.

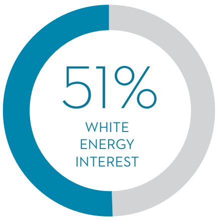
WASH PLANT, MOUNTAINSIDE COAL COMPANY, KENTUCKY, USA

Coal Mining and Exploration

The White Energy group has direct interests in coal resources in Australia and North America. The North American operations consist of a number of small producing coal mines and permits in Kentucky, USA. In Australia, White Energy's Lake Phillipson coal deposit contains an estimated JORC resource of 1,130 Mt of coal in place, awaiting development.

MOUNTAINSIDE COAL COMPANY

KENTUCKY, USA



Mountainside Coal Company Inc (MCC) holds several coal production and exploration permits in Kentucky, USA. The White Energy group acquired its interest in MCC in 2013 and commissioned a new coal wash plant in early 2015. Production activities have targeted the high-quality low ash coals in the region that are sought-after by silicon and ferro-silicon manufacturers and command an attractive price premium to lower-quality thermal and coking coals.

The focus on producing higher quality coal was reflected in the weighting of production for the year – low-ash stoker coal comprised 48% of total coal sold, compared to 14% in 2015.

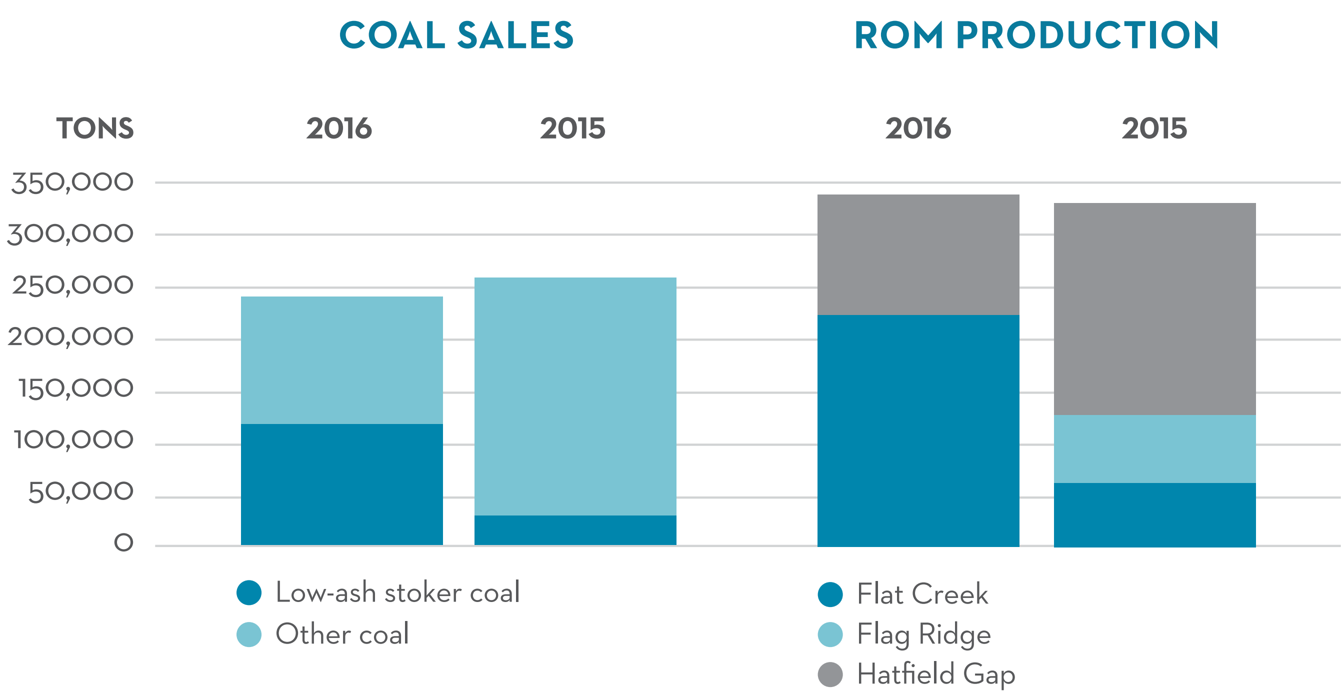
Production volumes in the year to 30 June 2016 were consistent with 2015 at 331,700 tons compared to 330,600 tons in 2015. These volumes were below target as adverse geological conditions at the Flat Creek mine impacted both mined volumes and the yield of saleable coal. A number of target coal seams were thinner than previously experienced, which effected highwall mining yields. Elevated iron levels were also encountered in intermittent pockets of the Flat Creek resource, which meant the coal produced from the affected area was unsuitable for sale as a premium silica-grade stoker coal. Production was impacted in May and June while new areas were accessed.

The combination of these challenging conditions resulted in lower yields and sales volumes which were 6.6% lower than in 2015 at 235,965 tons. The impact of lower volumes was offset by the higher proportion of premium coal sold, resulting in overall revenue increasing by 3% to US$19.9 million in 2016. As a result of the difficulties encountered, the EBITDA loss of A$11.5 million was far higher than budgeted and similar to that of 2015.

As mining progressed at Flat Creek, it became apparent that the mining area contained a significant number of previously unknown old mine workings which had depleted the estimated coal resource. The combination of these old workings and the adverse geological conditions, meant that the mineable resource at Flat Creek was reduced by more than 50% from the expected volume. Mineable resources at Flat Creek were exhausted subsequent to the year end in September 2016.

Production activities across the MCC mines were suspended in September 2016 and operations focused on additional resource definition activities and permitting of premium silica-grade coal resources within various other leased tenement areas.

MCC currently has additional permits in various stages of approval and many acres



containing low ash Blue Gem resources in Kentucky that are in the initial permitting phase. However, given the losses sustained from the adverse conditions encountered at Flat Creek, MCC intends to undertake additional infill drilling, exploration and mine planning activities in the last quarter of 2016 so as to reduce the risk of similar conditions effecting future mining and production. Once proven, MCC will finalise the permitting process for the additional operations in order to recommence production.

Despite the disappointing production and sales volumes, management continued to drive efficiency initiatives during the year, with overall headcount reduced 35% from June 2015.

SAFETY AND ENVIRONMENT

Safety of personnel remains a prime imperative, and the increased emphasis was reflected in a reduction in lost time accidents from eight in 2015 to just one in 2016.

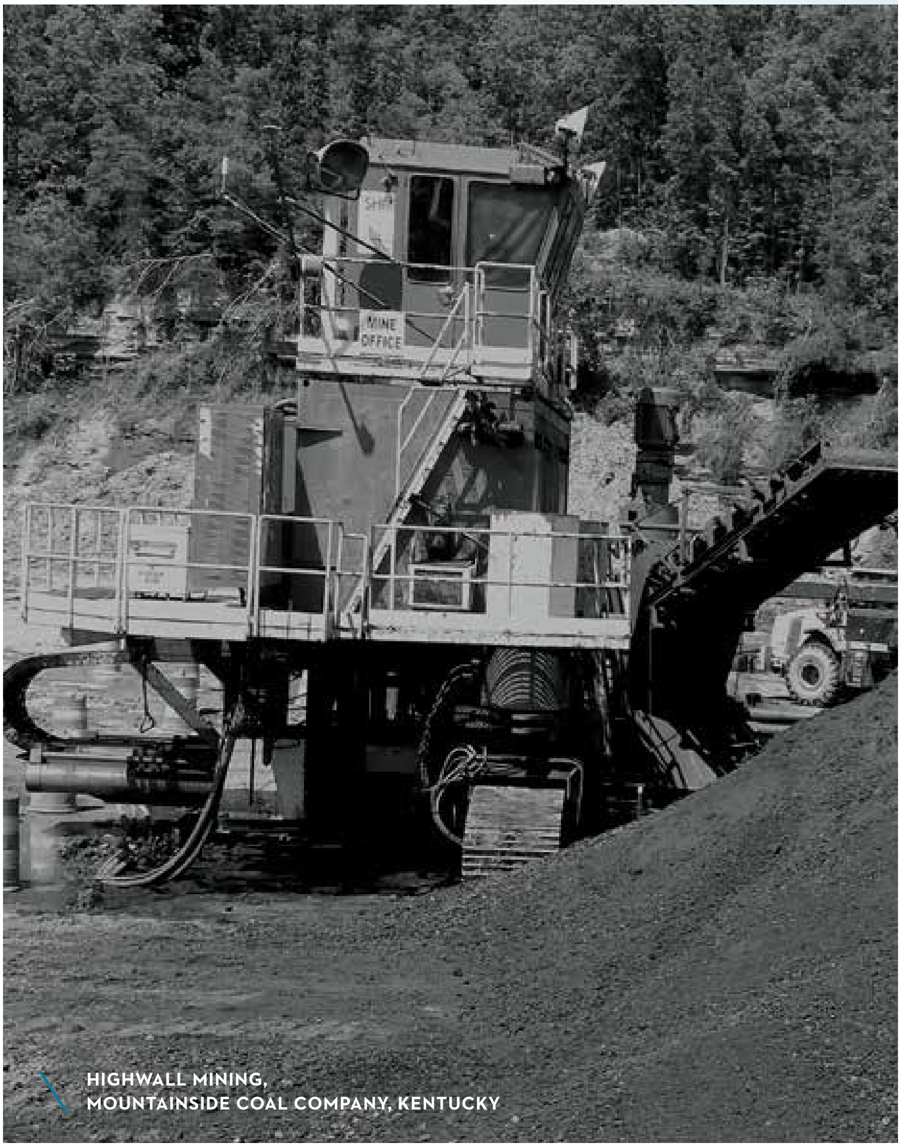
Reclamation and rehabilitation work on areas where mining has been completed continued over the year, with 14 temporary ponds removed and over 61,000 tree seedlings planted. During mining operations, some 4,600 linear feet of exposed highwall was backfilled and sloped and over 250 acres of ground was hydro-seeded.

BRIQUETTING TRIALS

Briquetting trials on coal fines sourced from MCC's coal wash plant were conducted at White Energy's Cessnock Demonstration Plant during the year. These high quality coal fines remain after the larger stoker-sized coal has been separated, and are currently sold in the low-priced thermal market. Testing results indicate that viable briquettes of stoker coal can be formed without a binding agent, however the trial production runs suggest that at current prices, commercial production rates of stoker product will be difficult to achieve due to the specific characteristics of the coal fines from the Blue Gem seam. Management is investigating other alternative processes to upgrade the coal fines to a higher-value product.

MCC OUTLOOK

Demand for the premium silica-grade stoker coal remains high in the USA, with limited supply available. It is expected the MCC operations can deliver attractive financial returns if the target production yields and costs can be achieved. The resource definition work to be undertaken in the last quarter of 2016 should enable more accurate mine planning which should help to achieve these objectives.



HIGHWALL MINING,
MOUNTAINSIDE COAL COMPANY, KENTUCKY

LAKE PHILIPSON COAL RESOURCES

(EL5719)

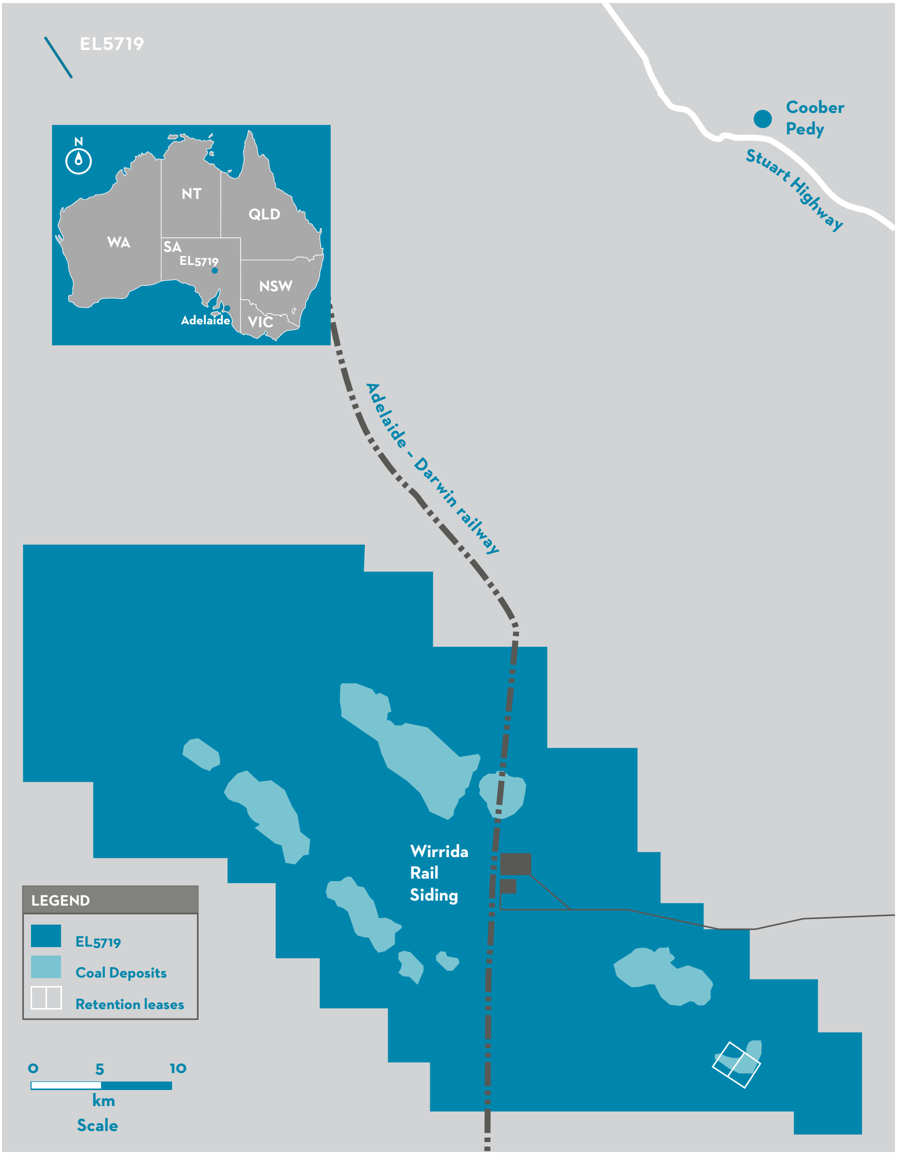
SOUTH AUSTRALIA, AUSTRALIA

White Energy's wholly-owned subsidiary, South Australian Coal holds the exploration rights to a large sub-bituminous coal deposit located in South Australia, some 70km south west of Coober Pedy.

Exploration licence EL5719 covers approximately 1,367 km² and contains an identified JORC resource of 1,130 Mt of coal. During the year, operations were limited as the licence renewal process was completed. EL5719 was issued in April 2016, replacing EL4534 for a further five years.

Activities continue to analyse commercialisation options for potential mining of the EL 5719 coal deposit, however the closure of the coal-fired Northern Power Station at Port Augusta from May 2016 limits the opportunities for developing the EL5719 coal resource in the near term. A previous study by Lurgi GmbH confirmed that the Lake Phillipson coal is suitable for gasification, providing a possible development route when petroleum prices recover.

In addition to coal, the tenement is located in the Geoscience Australia 'high potential' IOCGU (Iron Oxide, Copper, Gold and Uranium) domain within a structural corridor that contains the Prominent Hill and Olympic Dam mines. A number of promising structural features have been identified through gravity and magnetic surveys and may warrant further exploration.



JORC RESOURCES ESTIMATE

\\ 31 DECEMBER 2011 \\

MEASURED	INDICATED	INFERRED	TOTAL
Mt	Mt	Mt	Mt
11.5	155.6	583.0	750.1
0.0	189.2	191.2	380.3
11.5	**344.8**	**774.2**	**1,130.4**

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Annual Financial Report
30 June 2016

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DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity (referred to hereafter as the Group or the Company) consisting of White Energy Company Limited (White Energy) and the entities it controlled at the end of, or during, the year ended 30 June 2016.

DIRECTORS

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

Travers Duncan
Brian Flannery
Graham Cubbin
Hans Mende (until 31 March 2016)
Vincent O'Rourke
Terence Crawford

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Group consisted of:

(a) the ongoing development and exploitation of the Binderless Coal Briquetting (BCB) technology;

(b) the operation of coal mines in Kentucky, USA, operated by Mountainside Coal Company, Inc. (MCC); and

(c) the evaluation of mining exploration assets.

DIVIDENDS – WHITE ENERGY

No amounts have been paid or declared by way of dividend during the current financial year (2015: Nil).

OPERATING AND FINANCIAL REVIEW

RIVER ENERGY: BCB COAL TECHNOLOGY

Significant progress was made during the year by the Company's 51% joint venture, River Energy, in negotiating and documenting an agreement with a substantial South African coal producer for the construction of a BCB plant in South Africa. The commercial and technical terms have largely been agreed between the parties, and the underlying legal documents drafted.

The parties have spent considerable time refining the project's scope, logistics and technical parameters since a non-binding term sheet was executed in 2015. It is proposed that fine coal slurry from the coal mine will be recovered through beneficiation, dried and then briquetted to produce a saleable export grade thermal coal product, which will be marketed by River Energy.

Extensive feasibility studies have been conducted over 18 months, involving sampling and testing on site, briquetting trials at White Energy's Cessnock commercial demonstration facility, combustion trials on test facilities in Australia and South Africa, and a significant materials handling and combustion trial on a commercial power plant in South Africa.

The proposed plant could be expanded if required and it is expected to give the White Energy Group a credible foothold in the South African market. River Energy has identified other world-wide opportunities to recover coal from what is currently a waste material which is considered to be an environmental liability, and convert it to a valuable, low moisture coal product. This is of particular interest to coal miners in the current market and renewed interest in the technology is expected following the commitment in South Africa.

The Group is working closely with its 49% partner in River Energy, Proterra Investment Partners, to seek out other worldwide opportunities for fine coal recovery and briquetting.

WOESTALLEEN HUB

River Energy has removed its fine coal recovery plant from the Woestalleen Hub site as the Business Rescue Practitioner continues to implement its Business Rescue Plan. River Energy will continue to monitor progress, but expects to devote its resources to the BCB plant project in the foreseeable future.

MOUNTAINSIDE COAL COMPANY: COAL MINING AND EXPLORATION

The results from White Energy's subsidiary, Mountainside Coal Company (MCC) for the financial year to June 2016 were disappointing given the initiatives implemented to reduce costs and focus on production of the higher-value low-ash coals. Revenues from the sales of coal of $27.4 million were up 3% on 2015 (in local USD) and up 18% in AUD due to the declining Australian dollar.

This was however, well short of the target volumes as adverse geological conditions at the Flat Creek mine impacted both mined volumes and the yield of saleable coal. A number of target coal seams were thinner than previously experienced, which effected highwall mining yields. Elevated iron levels were also encountered in intermittent pockets of the Flat Creek resource, which meant the coal produced from the affected area was unsuitable for sale as a premium silica-grade stoker coal. Production was impacted in May and June while new areas were accessed.

In the course of these operations it became apparent that the mining area contained a significant number of previously unknown old mine workings which had depleted the estimated coal resource. The combination of these old workings and the adverse geological conditions, meant that the mineable resource at Flat Creek was reduced by more than 50% from the expected volume. Mining ceased at Flat Creek in September 2016, much earlier than planned.

As a result of the difficulties encountered, MCC's EBITDA loss of $11.5 million was far higher than budgeted and similar to that of 2015 ($11.4 million).

In early September 2016 a decision was made to suspend all production activities and not open up new areas while additional resource definition activities and permitting of premium silica-grade stoker coal resources within various other leased tenement areas was conducted.

MCC currently has additional permits in various stages of approval and many acres containing low ash Blue Gem resources in Kentucky that are in the initial permitting phase. However, given the losses sustained from the adverse conditions encountered at Flat Creek, MCC intends to undertake additional infill drilling, exploration and mine planning activities in coming months so as to reduce the risk of similar conditions impacting future mining and production. Once proven, MCC will finalise the permitting process for the additional operations in order to recommence production.

Briquetting trials on the low-ash coal fines sourced from MCC's coal wash plant were conducted at White Energy's Cessnock Demonstration Plant during the year. These high quality coal fines remain after the larger stoker-sized coal has been separated, and are currently sold in the low-priced thermal market. Testing results indicate that viable briquettes of stoker coal can be formed without a binding agent, however the trial production runs suggest that at current prices, commercial production rates of stoker product will be difficult to achieve due to the specific characteristics of the coal fines from the Blue Gem seam. Management is investigating other alternative processes to upgrade the coal fines to a higher-value product.

As a result of the past poor performances and uncertainty about the future profitability of the MCC mining operations, an impairment charge of $16.3 million has been recorded against the carrying value of the MCC assets at 30 June.

Demand for the premium silica-grade stoker coal remains high in the USA, with limited supply available. Management believes that the MCC operations can deliver attractive financial returns if the target production yields and costs can be achieved. The current resource definition work should enable more accurate mine planning which should help to achieve these objectives.

SOUTH AUSTRALIAN COAL – EL5719: COAL AND MINERALS EXPLORATION

During the year, EL4534 was renewed as EL5719 for a further five years.

The Company continues to analyse commercialisation options for potential mining of the EL 5719 coal deposit, however the closure of the Northern Coal Fired Power Station at Port Augusta from May 2016 limits the opportunities for developing the EL5719 resource in the near term. As a result, an impairment charge of $15.1 million was recognised against the exploration assets as at 30 June 2016.

CORPORATE

The prolonged depression of the resources industry has driven us to re-shape the company through a series of cost-cutting and efficiency initiatives. Executive salaries and Director fees were cut by 20% from 2015, the Company's head office was relocated from Sydney to Brisbane, and staff numbers have been cut to match the lower activity base.

FINANCIAL POSITION AND RESULTS FOR THE YEAR

The Group's available cash position at 30 June was $6.5 million and this was subsequently boosted by the $6.5 million proceeds from the sale of the livestock property, Ingomar Station in South Australia in September 2016.

The EBITDA loss for the year of $26.5 million was slightly worse than the $25.3 million recorded last year. This was disappointing, given management's aspirations of last year, and was largely driven by the $11.5 million EBITDA loss at MCC.

The costs of pursuing the Bayan litigation were also higher as the first tranche of the legal proceedings were heard in Singapore. Importantly, the court dismissed Bayan's counterclaims against White Energy Group companies, meaning that the Group has no liability to Bayan. The second tranche of the trial is likely to occur in early 2017.

Adverse coal market conditions and the poor performance of the Group's coal producing operations have impacted the Group's asset values, with impairment charges of $42.0 million recognised during the year.

The Group's net assets declined from $101.3 million to $17.0 million as a result of the asset write-downs and cash expended in the loss-making mining operations. An increase in limited recourse shareholder loans from minority 49% shareholders to the Group's subsidiary companies which operate the American mining and South African operations also impacted the Group's net assets.

The Consolidated Entity's net loss for the year ended 30 June 2016 was $85.2m (2015: $39.3m).

The 'Normalised EBITDA' loss for the full year ended 30 June 2016 was $11.0m (2015: $13.3m), which has been determined as follows:

	2016 $'000	2015 $'000
Consolidated entity statutory loss before income tax for the year (including discontinued operations)	**(85,248)**	(42,386)
Non-cash expenses:		
Depreciation / amortisation	**13,536**	10,730
Impairment expense	**42,027**	4,956
Fair value (gains)/losses	**(718)**	(1,044)
Other non-cash costs	**1,478**	804
Sub-total	**56,323**	15,446
Other significant items		
Finance costs	**3,714**	1,640
Legal costs – litigation	**4,517**	3,203
Sub-total	**8,231**	4,843
Consolidated entity adjusted normalised EBITDA	**(20,694)**	(22,097)
Minority partner share of EBITDA – normalised EBITDA	**9,714**	8,832
White Energy adjusted normalised EBITDA	**(10,980)**	(13,265)

Normalised EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific significant items. The table above summarises key items comprising the difference 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 ($20.7m) reconciles to the segment information EBITDA result for the year ($26.5m) disclosed in note 4(b), after adding back legal costs - litigation ($4.5m) and livestock cost of goods sold ($1.3m) which were included in the segment expenses line item.

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

The Consolidated Entity's total revenue for the year ended 30 June 2016 was $30.4m (2015: $28.2m), which mainly includes coal sales revenues at MCC, interest income earned on cash deposits, proceeds from the sale of livestock/wool at Ingomar Station and recognition of government grant income.

Total expenses for the full year ended 30 June 2016 were $116.3m (2015: $71.6m) including impairment charges of $42.0m (2015: $5.0m).

Management has prepared a cash flow forecast to September 2017 which demonstrates a requirement for additional funding to meet the Group's forecast expenditure.

These conditions give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and this has been noted by the Company's auditors in the Independent Auditor's Report.

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

(2) Issue of new equity: The Company has been successful in raising equity funds through the issue of new shares in the past;

(3) Sale of specific assets: The Company can undertake a sale of specific assets in the required time period if required, noting that the pastoral property, Ingomar station was sold subsequent to year end, realising $6.3 million; and

(4) Shareholder loans: There has been a history of rolling limited-recourse shareholder loans and this is expected to continue going forward. The repayment dates of shareholder loans and associated accrued interest of $23,230,000, currently classified as current liabilities in the Balance Sheet at 30 June 2016 have subsequently been extended to 2019.

The Directors believe that the Company will be successful in the above matters 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 and accordingly have prepared the financial statements on a going concern basis.

FUTURE PROSPECTS

The Group expects to begin detailed engineering and construction of a BCB plant in South Africa during FY2017 after funding has been sourced for the project. This project is expected to give River Energy a credible foothold in the South African market and other opportunities for fine coal recovery and briquetting have been identified in South Africa, Australia and globally.

Coal samples from interested parties are expected to be tested at the Company's Cessnock demonstration and pilot plants during the year.

Once the results of the resource definition activities at MCC have been analysed, the permitting process for the additional operations will be finalised in order to recommence production. Investigations into other alternative processes to upgrade the coal fines to a higher-value product will continue.

In Australia, exploration and appraisal activities targeting other minerals in EL5719 are expected to continue and White Energy will continue to investigate other opportunities to invest in coal assets.

Risks

The White Energy Group operates in and is exposed to general risks prevalent in the coal sector. A number of factors outside the control of White Energy Directors and management, both specific to the Group and the coal industry in general, may affect the future operating and financial performance of the Group, its business prospects and the value of White Energy shares. The major risks which may be associated with investment in White Energy include:

- Financing risk: The Directors believe that White Energy has sufficient cash reserves to meet its commitments in the near term, however to satisfy its forecast expenditure requirements the Company will require further funding. The Directors believe that a combination of funding sources may be available, including debt funding for specific projects, issues of new equity and asset sales. Execution of the Company's strategy may be impacted by the inability to raise the necessary capital as a result of adverse market conditions and other factors outside the control of the Company.

> Coal price, currency and regulatory risks: The Group's future financial performance will be impacted by future traded coal prices, movements in foreign exchange rates and regulatory changes which are determined by factors outside the Company's control.

> Operating risk: The Group's future operations will be subject to operating risks that could result in decreased coal production which could reduce its revenues. These operational difficulties may impact the amount of coal produced, increase the cost of production and delay sales revenue. Such difficulties include adverse weather conditions, natural disasters, unexpected technical or geological problems, transportation delays and workplace, health and safety issues.

> Development and construction risk: There is a risk that circumstances (including unforeseen circumstances) may cause a delay to project development, exploration milestones or other operating factors, resulting in delays to the receipt of revenues. In addition, the development of new projects by the Company may not materialise, and may exceed the current expected timeframe for completion or cost, for a variety of reasons outside the control of the Company.

> Country risk: There is a risk associated with adverse political events in some of the countries in which the Group conducts, or seeks to conduct business.

> Intellectual property risk: The Company's future financial performance may be impacted by the failure to protect its intellectual property.

> Technology risk: Emerging new technologies may render the Company's proprietary binderless briquetting technology obsolete and hinder the Company's ability to derive future income.

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

> General project risk: Any project is subject to risk, in particular those that rely on a relatively new technology.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the Group's state of affairs during the year ended 30 June 2016.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

SALE OF PASTORAL PROPERTY: INGOMAR STATION

On 2 September 2016, the Group disposed of its pastoral property, Ingomar Station realising net proceeds of $6,320,000. No gain or loss on disposal is expected to be recognised as the carrying value of the assets of Ingomar Station were recorded at this value in the Balance Sheet at 30 June 2016.

SUSPENSION OF PRODUCTION AT MOUNTAINSIDE COAL COMPANY

In early September 2016, coal production operations at the Group's coal mines in Kentucky, USA were suspended while additional infill drilling, exploration and mine planning activities are conducted to reduce the risk of adverse geological conditions and unmapped mine workings impacting future mining and production.

EXTENSION OF REPAYMENT DATES FOR SHAREHOLDER LOANS

In late September 2016, amendment agreements for loans owing to minority shareholders were executed, extending the due date for repayment of the loans and accrued interest to January 2019. As a result, no loan amounts, or accrued interest are required to be paid within one year of the reporting date. Had these amending agreements been executed prior to balance date, shareholder loans of $20,389,000 and accrued interest of $2,841,000 would have been classified as "non-current liabilities" rather than "current liabilities".

No significant other matters or circumstances have arisen since 30 June 2016 that have significantly affected, or may significantly affect:

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

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Additional comments on expected results of certain operations of the Group are included in this annual report under the Operating and Financial Review section on pages 14 to 18.

ENVIRONMENTAL REGULATION

The Group is committed to environmental care and aims to carry out its activities in an environmentally responsible and scientifically-sound way. In performing exploration activities, some disturbances of the land in the creation of tracks, drill rig pads, sumps and the clearing of vegetation occur.

These activities have been managed in a way that has reduced the environmental impact to a practical minimum. Rehabilitation of any land disturbances would occur as soon as is practicable after exploration activity in an area has been completed. The Group has, as far as the Directors are aware, complied with all statutory requirements relating to its exploration activities.

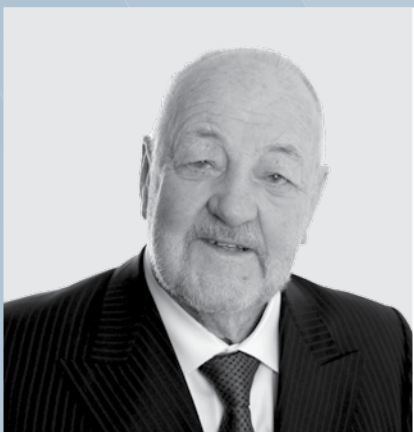
The Group's producing coal mines in Kentucky, USA are subjected to frequent inspections and audits to ensure compliance with regulations and permit conditions.

A number of minor violations were noted during the year, resulting in remedial work being undertaken, permit amendments and payment of penalties.

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group is not subject to the reporting requirements of either the *Energy Efficiency Opportunities Act 2006* and or the National Greenhouse and *Energy Reporting Act 2007*, however monitoring of all emissions and energy usage at the Group's Cessnock site is carried out on a regular basis to ensure compliance under the current regulations.

INFORMATION ON DIRECTORS



TRAVERS WILLIAM DUNCAN
DIP. ENG. (CIVIL) F.I.E AUST. C P ENG
CHAIRMAN – NON-EXECUTIVE

EXPERIENCE AND EXPERTISE

Travers Duncan was appointed to the Board of White Energy on 25 June 2008 and then as Chairman on 17 September 2010. He is a member of the Audit and Risk Committee and the Remuneration Committee. He is a civil engineer with over 40 years experience in the project management of large mining and infrastructure development projects in Australia, Indonesia, Papua New Guinea and India.

Travers Duncan's experience includes the successful financing and development of projects such as the Piparwar coal mine in India, the North Goonyella coal project in Queensland and the Ulan coal mine in New South Wales. More recently he was Chairman of the ASX listed coal company Felix Resources Limited prior to its takeover by Yancoal Australia Limited in December 2009.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

None.

FORMER DIRECTORSHIPS OF OTHER LISTED COMPANIES IN THE LAST 3 YEARS

None.

SPECIAL RESPONSIBILITIES

Chairman of Board of Directors and a member of the Audit and Risk Committee and the Remuneration Committee.

INTERESTS IN SHARES AND OPTIONS

33,033,779 ordinary shares in White Energy.

BRIAN FLANNERY
BE MINING
MANAGING DIRECTOR

EXPERIENCE AND EXPERTISE

Brian Flannery was appointed to the Board and as Managing Director of White Energy on 17 September 2010. He is a mining engineer with more than 40 years experience in the development, engineering, construction and management of open-cut and underground mining projects in Australia and overseas.

Brian Flannery was Managing Director of White Mining Limited prior to its merger with Felix Resources Limited in April 2005. Subsequent to that merger he held the position of Managing Director of Felix Resources Limited and Yancoal Australia Limited until September 2010.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

None.

FORMER DIRECTORSHIPS OF OTHER LISTED COMPANIES IN THE LAST 3 YEARS

None.

SPECIAL RESPONSIBILITIES

Managing Director of White Energy.

INTERESTS IN SHARES AND OPTIONS

30,983,528 ordinary shares in White Energy.

6,000,000 Performance Options in White Energy.

GRAHAM CUBBIN
B ECON (HONS), FAICD
NON-EXECUTIVE DIRECTOR

EXPERIENCE AND EXPERTISE

Graham Cubbin joined the Board of White Energy on 17 February 2010. He is the Chairman of the Audit and Risk Committee. He holds a Bachelor of Economics (Hons) from Monash University and is a Fellow of the Australian Institute of Company Directors.

Graham Cubbin was a senior executive with Consolidated Press Holdings Limited (CPH) from 1990 until September 2005, including Chief Financial Officer for 13 years. Prior to joining CPH, he held senior finance positions in a number of major companies including Capita Financial Group and Ford Motor Company. He has over 20 years experience as a Director and Audit Committee member of public companies in Australia and the U.S.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Non-executive Director of four other listed companies: Challenger Limited (appointed January 2004), STW Communications Group Limited (appointed May 2008), Bell Financial Group Limited (appointed September 2007) and McPherson's Limited (appointed September 2010).

FORMER DIRECTORSHIPS OF OTHER LISTED COMPANIES IN THE LAST 3 YEARS

None.

SPECIAL RESPONSIBILITIES

Chair of the Audit and Risk Committee.

INTERESTS IN SHARES AND OPTIONS

600,000 ordinary shares in White Energy.

VINCENT O'ROURKE AM
B ECON
NON-EXECUTIVE DIRECTOR

EXPERIENCE AND EXPERTISE

Vincent O'Rourke joined the Board of White Energy on 29 September 2010. He holds a Bachelor of Economics from the University of New England. He is an Honorary Doctor of the Queensland University of Technology and Griffith University.

Vincent O'Rourke brings over 40 years of corporate and railway industry experience spanning operations, finance and business management. He was formerly Queensland Commissioner for Railways and the Chief Executive Officer of Queensland Rail.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Non-executive Director of Yancoal Australia Limited (appointed January 2010).

FORMER DIRECTORSHIPS OF OTHER LISTED COMPANIES IN THE LAST 3 YEARS

Non-executive Director of Bradken Limited from August 2004 to October 2012.

SPECIAL RESPONSIBILITIES

Member of the Audit and Risk Committee and Chair of the Remuneration Committee.

INTERESTS IN SHARES AND OPTIONS

610,000 ordinary shares in White Energy.

TERENCE CRAWFORD
B ECON LL.B, BARRISTER AT LAW
NON-EXECUTIVE DIRECTOR

EXPERIENCE AND EXPERTISE

Terence Crawford joined the Board of White Energy on 11 June 2013.

Terence Crawford has extensive experience in financial and commercial matters obtained over 25 years in banking, investment banking and corporate advisory, including working in senior positions with three international banks. He is an experienced director of several public and private company boards and brings financial and legal experience to the Board of White Energy.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

None.

FORMER DIRECTORSHIPS OF OTHER LISTED COMPANIES IN THE LAST 3 YEARS

None.

SPECIAL RESPONSIBILITIES

Member of the Remuneration Committee.

INTERESTS IN SHARES AND OPTIONS

565,094 ordinary shares in White Energy.

COMPANY SECRETARY

The Company Secretary is David Franks BEc, CA, F Fin, JP. He was appointed as the Company Secretary on 3 February 2005 and is principal of Franks and Associates Pty Ltd (Chartered Accountants). He is currently the Company Secretary of the following listed companies: Armidale Investment Corporation Limited, Elk Petroleum Limited, JCurve Solutions Limited, Pulse Health Limited and White Energy and non-executive director of JCurve Solutions Limited.

MEETINGS OF DIRECTORS

The numbers of meetings of White Energy's Board of Directors and of each committee held during the year ended 30 June 2016, and the number of meetings attended by each Director were:

	Meetings of Directors		Meetings of committees			
			Audit and Risk		Remuneration	
	Held (a)	Attended (b)	Held (a)	Attended (b)	Held (a)	Attended (b)
Non-executive Directors						
Travers Duncan	5	5	3	3	2	2
Graham Cubbin	5	5	3	3	**	**
Hans Mende (c)	3	1	**	**	**	**
Vincent O'Rourke	5	5	3	3	2	2
Terence Crawford	5	5	**	**	2	2
Executive Directors						
Brian Flannery	5	5	**	**	**	**

(a) Number of meetings held during the time the Director held office or was a member of the committee during the year
(b) Number of meetings attended
(c) Mr Mende retired on 31 March 2016

** Not a member of the relevant committee

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

It is the Board's policy to consider the appointment and retirement of Non-Executive Directors on a case-by-case basis. In doing so, the Board must take into account the requirements of the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

Clause 8.1 (c) of the Constitution requires that a person appointed a Director during the year, as an addition to the existing Directors or to fill a casual vacancy, who is not the Managing Director, holds office until the conclusion of the next AGM following his or her appointment. There have been no such appointments during the year.

Clause 8.1(d) of the Constitution requires that no Director who is not the Managing Director may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected.

Noting that Brian Flannery as Managing Director is not subject to Clause 8.1(c) and (d) of the Constitution, the current board was re-elected by shareholders at the following prior AGM:

2013: Travers Duncan

2014: Vincent O'Rourke and Graham Cubbin

2015: Terence Crawford.

Therefore under Clause 8.1(d) of the Constitution, Travers Duncan will retire and seek re-election.

REMUNERATION REPORT (AUDITED)

The Directors are pleased to present the Company's 2016 remuneration report. The remuneration report is prepared in accordance with section 300A of the *Corporations Act 2001* and has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This report sets out remuneration information for White Energy's Non-Executive Directors and Executives. Executives for the purpose of this report are Key Management Personnel who are not Non-Executive Directors.

(1) DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

For the purposes of the 30 June 2016 Financial Report, the Directors and other Key Management Personnel were:

Name	Position
Non-Executive Directors	
Travers Duncan	Chairman – Not Independent
Graham Cubbin	Non-Executive Director – Independent
Hans Mende	Non-Executive Director – Independent*
Vincent O'Rourke	Non-Executive Director – Independent
Terence Crawford	Non-Executive Director – Independent
Executive Directors	
Brian Flannery	Managing Director – Not Independent
Other Key Management Personnel	
Michael Chapman	Chief Operating Officer
Damian Galvin	Chief Financial Officer (From 23 May 2016)
Ivan Maras	Chief Financial Officer*
Neil Whittaker	Chief Executive Officer – River Energy JV Limited

* Until his retirement on 31 March 2016

Key Management Personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly (and include the Directors of the Company).

There have been no changes since the end of the reporting period.

(2) REMUNERATION GOVERNANCE

(i) The Remuneration Committee

The Board has delegated certain responsibilities to the Remuneration Committee which requires formal reporting back to the Board on a timely basis. The ultimate responsibility for the Company's remuneration policy rests with the Board.

The Remuneration Committee is primarily responsible for reviewing and recommending to the Board the following remuneration matters:

> The remuneration of Non-Executive Directors; and

> The remuneration quantum and incentive framework for the Managing Director and Executives;

Members of the Remuneration Committee are appointed, removed and/or replaced by the Board. The Remuneration Committee must consist of at least three Directors, who are Non-Executive Directors, and where possible, be comprised of a majority of Independent Non-Executive Directors. The Chairman of the Remuneration Committee will be a Director other than the Chairman of the Board.

The Remuneration Committee was comprised of Vincent O'Rourke (Chair), Travers Duncan and Terence Crawford as at 30 June 2016.

The Remuneration Committee comprises a majority of Independent Non-Executive Directors.

The Company's Corporate Governance Statement which can be found on the Company's website: **www.whiteenergyco.com/about-us/corporate-governance**, provides further information on the role of the Remuneration Committee and its composition and structure.

A copy of the Remuneration Committee's charter is included on the Company's website.

(ii) Use of external consultants

The Remuneration Committee seeks advice from independent advisors as required. No external consultants were engaged during the year to advise on remuneration matters.

(3) REMUNERATION OF EXECUTIVES

(i) Policy and framework

The overall objective of the Company's Executive remuneration arrangements is to ensure that Executives are rewarded for performance, with a remuneration structure that is not only competitive in the market but also reflective of the importance of retaining the Executive within the Company. Given the current stage in the Company's development, the Board considers it imperative that the Company is always in a position to attract and retain key staff members who can make a significant contribution to the business as it expands and delivers on its business strategy.

(ii) Remuneration components

The Company's Executive remuneration structure can consist of fixed and "at-risk" components:

Fixed components
Base salary and benefits, including superannuation.
Variable 'at-risk' components
Short-term incentives in the form of cash bonuses (amounts determined based on assessment of the Executive's performance)
Long-term incentives, through participation in incentive schemes which may be offered from time-to-time

The remuneration structure allows the Company to provide an appropriate mix of fixed and variable pay components.

(a) Base salary, other monetary and non-monetary benefits

Executives receive their base salary and benefits structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-cash benefits at the Executive's election.

Remuneration levels are reviewed annually by the Remuneration Committee after considering each Executive's performance levels and the importance of retaining the Executive within the Company, as well as external market benchmarks for comparable roles to ensure that the Executive's base salary is competitive.

There are no guaranteed base salary increases included in the Executives' employment services contracts. With the protracted downturn in the resources sector generally and challenging market conditions the Managing Director and Senior Executives voluntarily offered to reduce their base salaries by 20% effective 1 July 2015. This initiative was also followed by the Company's Chairman and remaining Non-Executive Directors.

Non-monetary benefits include car parking.

(b) Short-term incentives

The Company recognises that short-term incentives can be an effective tool to drive the achievement of single-year performance objectives. However, as the Company's current focus is on developing long-term, strategic objectives, no specific short-term incentive opportunities were provided to Executives for the year ended 30 June 2016 and no payments were or are to be made.

(c) Long-term incentives

The Company has in place a Long Term Incentive Plan (LTIP) which is designed to align the performance of employees with that of the interests of shareholders and to assist in the retention of experienced personnel.

The LTIP provides for the grant of Performance Rights or Options to eligible employees (Incentive Securities), which may vest subject to the satisfaction of performance, service or other vesting conditions imposed at the time of grant. This provides the Company with broad flexibility so that it can effectively incentivise employees using the most appropriate instrument (which may vary depending on the seniority of the executive, the jurisdiction in which they are issued, or prevailing market and regulatory conditions).

During the financial year ended 30 June 2016, the Company undertook a number of restructuring initiatives which included the movement of the Group's head office to Brisbane and a reduction in staff numbers. As a result, there were no new grants of securities under the LTIP during the year.

Long Term Incentive Plan

The key terms of the LTIP are:

The Company's Long Term Incentive Plan for key employees of the Company was approved by shareholders at the 2014 Annual General Meeting. The key terms of the LTIP are:

- the Board may in its absolute discretion determine which eligible employees will be invited to participate in a grant of Performance Rights or Options (Incentive Securities), which may vest subject to the satisfaction of performance, service or other vesting conditions imposed at the time of grant;
- on vesting (and exercise, in the case of Options), participants will become entitled to fully paid ordinary shares in the Company. The Board can decide whether to purchase Shares on-market or issue new Shares for the purposes of the LTIP or provide the cash equivalent value of one Share in the Company to the participant (if provided-for under the terms of the grant);
- Incentive Securities may lapse in certain circumstances, including if the participant's employment is terminated for certain acts or the participant acts fraudulently or dishonestly, engages in gross misconduct or is in breach of their obligations to the Company;
- if in the Board's opinion, Incentive Securities vest as a result of the fraud, dishonesty or breach of obligations by the participant or another person, or if there is a material misstatement or omission in the financial statements of a Group company, the Board may determine any treatment in relation to the Incentive Securities (or Shares received on vesting) to ensure no unfair benefit is obtained by the participant;
- where a participant ceases employment in other circumstances, the Incentive Securities will remain 'on foot', subject to the Board's discretion to determine that some or all of the unvested Incentive Securities lapse or vest on cessation;
- Incentive Securities may not be traded or hedged, and the Board may impose restrictions on dealing of Shares allocated on vesting of Incentive Securities;
- any Shares issued under the LTIP will rank equally with those traded on the ASX at the time of issue;
- in the event of a takeover bid, scheme of arrangement or similar transaction, the Board may determine whether any or all unvested Incentive Securities vest, having regard to such factors as the Board considers relevant, including performance against the applicable performance conditions; and
- in the event of any capital reorganisation, Incentive Securities may be adjusted having regard to the ASX Listing Rules and on the basis that participants do not receive any advantage or disadvantage from such an adjustment.

Performance Options

In the previous financial year, 6,000,000 Performance Options with an exercise price of $0.50 were granted to the Company's Managing Director, Brian Flannery. Each Option entitles the holder to one Share in the Company on payment of the exercise price, subject to satisfaction of the prescribed vesting and the following performance conditions:

(i) Mr Flannery is required to remain an employee of the Company or its subsidiaries for a continuous three year period ending on 30 June 2017; and

(ii) The Company's financial performance must improve over the three-year performance period such that underlying Earnings before Interest Tax, Depreciation and Amortisation (EBITDA) must be positive in each of the 2015/16 Financial Year and 2016/17 Financial Year.

A positive EBITDA in the 2015/16 Financial Year has not been achieved and it is unlikely that the Performance Options will vest.

Dealing in shares

The trading of shares issued to participants under the LTIP are subject to, and conditional upon, compliance with the Company's employee share trading policy. Executives are prohibited from entering into any hedging arrangements over unvested Incentive Securities or Performance Options under LTIP.

(iii) Remuneration for year ended 30 June 2016

The following table shows details of the remuneration received by the executive Key Management Personnel for the current and previous financial year:

		Short term benefits		Post employment	Share based payment	
Name	Year	Cash salary ($)	Non-monetary benefit(1) ($)	Super-annuation ($)	Performance options(2) ($)	Total ($)
Executive Directors Personnel						
Brian Flannery	**2016**	**800,000**	**12,864**	**76,000**	**(148,084)**	**740,780**
	2015	1,000,000	12,344	95,000	148,084	1,255,428
Other Key Management Personnel						
Michael Chapman	**2016**	**600,000**	**11,358**	**57,000**	**-**	**668,358**
	2015	750,000	11,056	71,250	-	832,306
Damian Galvin	**2016**	**5,075**	**1,172**	**28,000**	**-**	**34,247**
Ivan Maras(3)	**2016**	**472,972**	**11,228**	**28,500**	**-**	**512,700**
	2015	500,000	14,446	47,500	-	561,946
Neil Whittaker	**2016**	**300,000**	**14,971**	**-**	**-**	**314,971**
	2015	470,000	28,971	44,650	-	543,621
Total Executive Directors and other Key Management Personnel remuneration	**2016**	**2,178,047**	**51,593**	**189,500**	**(148,084)**	**2,271,056**
	2015	2,720,000	66,817	258,400	148,084	3,193,301

(1) Non-monetary benefits include car parking (and car expenses, home telephone costs and spouse travel costs in 2015).
(2) It is estimated that no Performance Options will ultimately vest as performance hurdles are unlikely to be achieved. Amounts previously expensed in previous periods have been reversed in the current period.
(3) Remuneration for Mr Maras is for the period up until his resignation on 31 March 2016 and includes payments for accrued entitlements of $172,972 as cash salary.

(iv) Service Agreements

Remuneration and other terms of employment for the Managing Director and other Executives are also formalised in service agreements, in the form of a letter of appointment. The Board will revisit the remuneration and other terms of employment when significant developments within the Company occur.

Remuneration packages are reviewed annually by the Remuneration Committee.

Arrangements relating to remuneration of the Company's executives in place for the year ended 30 June 2016 are set out below:

Name	Title	Term of agreement	Base salary excluding superannuation	Contractual termination benefits
Brian Flannery	Managing Director	Rolling contract	$800,000	6 months base salary
Michael Chapman	Chief Operating Officer	Rolling contract	$600,000	6 months base salary
Damian Galvin (from 23 May 2016)	Chief Financial Officer	Commenced 23 May 2016 on a rolling contract	$273,973	1 month base salary
Ivan Maras (to 31 March 2016)	Chief Financial Officer	Rolling contract. Ceased employment 31 March 2016	$400,000	3 months base salary
Neil Whittaker	Chief Executive Officer – River Energy JV Limited	Commenced on a new rolling contract on 1 July 2016	$300,000	Nil

Each executive is entitled to 9.5% superannuation on their base salary (excluding Mr Whittaker) and is entitled to car parking at the Company's office.

The service agreement contracts outlined above may be terminated in the following circumstances:

(i) Voluntary termination by the Company: the termination benefit outlined in the table above will apply;

(ii) Termination by the Company for cause and without notice: no termination benefits are payable and any granted but unvested Incentive Securities or Performance Options at the date on which notice is given will be forfeited.

Mr Whittaker was employed by the Company under a service agreement up until 30 June 2015 for services supplied as Chief Executive Officer of River Energy JV Limited. From 1 July 2015, Mr Whittaker's remuneration was paid to Whittaker Corporation Pty Ltd by River Energy JV UK Limited and River Energy JV Limited.

(4) RELATIONSHIP BETWEEN REMUNERATION AND WHITE ENERGY'S PERFORMANCE

Performance in respect of the current year and the previous four years is detailed in the table below:

	2016	2015	2014	2013	2012
Total profit/(loss) for the year ($'000)	**(85,248)**	(39,256)	(52,257)	(114,956)	(171,765)
Share price at year end ($)	**0.055**	0.30	0.15	0.15	0.39
Increase/(decrease) in share price	**(82%)**	100%	-%	(62%)	(79%)
Dividends paid	**-**	-	-	-	-

The performance of White Energy is reflective of a Company which is still largely in its development phase as its coal production projects are yet to reach a stage of prolonged commercial production. During the years noted above, there were no dividends paid or other capital returns made by the Company to its shareholders.

(5) REMUNERATION OF NON-EXECUTIVE DIRECTORS

(i) Policy and framework

A Non-Executive Directors' remuneration reflects the demands which are made on, and the responsibilities of, the Non-Executive Director. This remuneration is paid by way of fees, in the form of cash and, where applicable, superannuation benefits.

Non-Executive Directors' fees are reviewed annually by the Board after considering the recommendations of the Remuneration Committee. The Remuneration Committee's recommendations are determined within the maximum aggregate amount approved by shareholders from time to time. Total remuneration for all Company Non-Executive Directors was last voted on by shareholders at the Company's 2009 Annual General Meeting, where it was approved that the Non-Executive Director fee pool was not to exceed $1,000,000 per annum inclusive of superannuation. This remuneration pool was reconfirmed in the Company's constitution which was approved at the 2014 Annual General Meeting.

The Remuneration Committee ensures that the fees paid to Non-Executive Directors are comparable and competitive with other ASX listed companies to ensure that the Company is able to retain experienced and suitably qualified Non-Executive Directors.

The Chairman of the Board's fees are determined independently to the fees of Non-Executive Directors based on comparative external market roles.

Non-Executive Director fees cover all of the main Board activities and a Non-Executive Director's membership on Board committees.

(ii) Service agreements

On appointment to the Board, each Non-Executive Director enters into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms. Changes to Non-Executive Director fees are communicated in writing to the Non-Executive Director.

For the year ended 30 June 2016, Directors voluntarily reduced their fees by 20% from the previous year. The Chairman's fees were $220,000 pa, which includes $100,000 for consulting services performed by the Chairman in relation to work performed for Binderless Coal Briquetting Company Pty Ltd, a wholly owned subsidiary of White Energy. Other Non-Executive Directors' fees were $64,000 pa. Where applicable, superannuation is paid on fees earned.

All service agreements are rolling contracts with no contractual termination benefits.

(iii) Remuneration for the year ended 30 June 2016

The total remuneration paid to the Non-Executive Directors for the year ended 30 June 2016 amounted to $487,131 as detailed below. For comparison purposes, amounts for the year ended 30 June 2015 are also shown.

		Short term benefits		Post employment	
Name	Year	Cash salary and fees ($)	Non-monetary benefits[2] ($)	Superannuation[3] ($)	Total ($)
Non-Executive					
Travers Duncan	**2016**	**220,000**	**14,971**	**-**	**234,971**
	2015	275,000	15,696	-	290,696
Graham Cubbin	**2016**	**64,000**	**-**	**6,080**	**70,080**
	2015	80,000	-	7,600	87,600
Hans Mende[1] (to 31 March 2016)	**2016**	**48,000**	**-**	**-**	**48,000**
	2015	80,000	-	-	80,000
Vincent O'Rourke	**2016**	**64,000**	**-**	**-**	**64,000**
	2015	80,000	-	-	80,000
Terence Crawford[4]	**2016**	**64,000**	**-**	**6,080**	**70,080**
	2015	80,000	-	7,600	87,600
Sub-total Non-Executive Directors	**2016**	**460,000**	**14,971**	**12,160**	**487,131**
	2015	595,000	15,696	15,200	625,896

(1) Hans Mende resigned as a Non-Executive Director on 31 March 2016.

(2) Non-monetary benefits include car parking.

(3) Non-Executive Directors do not receive any retirement benefits other than their statutory entitlements, where applicable.

(4) In addition to his Non-Executive Directors' fees, $140,000 (2015: $60,000) was paid by the Company to a company controlled by Mr Crawford in respect of his assistance with the ongoing PT Kaltim Supacoal litigation against PT Bayan Resources Tbk.

All current Non-Executive Directors own shares in White Energy.

(6) VOTING AND COMMENTS MADE AT THE COMPANY'S 2015 ANNUAL GENERAL MEETING

The White Energy Remuneration Report resolution was carried by a show of hands, with the results of the show of hands and proxy position both in excess of 75% in favour of the resolution. Of valid proxies received, more than 99% of proxies lodged voted "yes" on the remuneration report for the 2015 financial year. Comments raised by shareholders during the course of the Annual General Meeting were responded to by the Directors during the meeting.

(7) DETAILS OF SHARE-BASED COMPENSATION

The terms and conditions of each grant of Performance Options effecting remuneration to Directors and Executives under the LTIP in the current or future reporting period were as follows:

Grant date	Vesting and exercise date	Expiry date	Value per right at grant date	Vested %	Exercised %	Lapsed %	Performance achieved (1)	Performance achieved (2)
8/12/2014	Vesting on 30/6/2017, subject to satisfaction of two vesting conditions – a service condition and a performance condition.	30/6/2020	$0.50	0%	0%	0%	0%	0%

(1) Vesting condition requiring the employee to remain an employee of the Company or its subsidiaries for a continuous three year period starting on 1 July 2014 (and ending on 30 June 2017).

(2) Vesting condition requiring the Company's financial performance to improve over the three-year performance period such that underlying Earnings before Interest, Tax, Depreciation and Amortisation must be positive in each of 2015/16 Financial Year and 2016/17 Financial Year.

(8) EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

(i) Performance Option holdings

The number of Performance Options in the Company held during the financial year by Directors of White Energy and other Key Management Personnel of the Group, is set out below.

Name	Year	Balance at the start of the year	Granted during the year as remuneration	Exercised	Lapsed	Balance at the end of the year	Vested and exercisable at the end of the year
Executive Directors							
Brian Flannery	**2016**	**6,000,000**	**-**	**-**	**-**	**6,000,000**	**-**
	2015	-	6,000,000	-	-	6,000,000	-

(ii) Share holdings

The number of shares in the Company held during the financial year by each Director of White Energy Company Limited and other Key Management Personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Name	Year	Balance at the start of the year	Received during the year on exercise of performance rights	Other changes during the year	Balance at the end of the year
Non-Executive Directors					
Travers Duncan	**2016**	**31,948,461**	**-**	**1,085,318**	**33,033,779**
	2015	31,948,461	-	-	31,948,461
Graham Cubbin	**2016**	**600,000**	**-**	**-**	**600,000**
	2015	600,000	-	-	600,000
Hans Mende[(1)]	**2016**	**10,232,927**	**-**	**(10,232,927)**	**-**
	2015	12,710,220	-	(2,477,293)	10,232,927
Vincent O'Rourke	**2016**	**610,000**	**-**	**-**	**610,000**
	2015	310,000	-	300,000	610,000
Terence Crawford	**2016**	**565,094**	**-**	**-**	**565,094**
	2015	565,094	-	-	565,094
Executive Directors					
Brian Flannery	**2016**	**30,355,118**	**-**	**628,410**	**30,983,528**
	2015	27,355,118	3,000,000	-	30,355,118
Other Key Management Personnel					
Michal Chapman	**2016**	**1,535,096**	**-**	**-**	**1,535,096**
	2015	35,096	1,500,000	-	1,535,096
Ivan Maras[(1)]	**2016**	**665,000**	**-**	**(665,000)**	**-**
	2015	65,000	600,000	-	665,000
Neil Whittaker	**2016**	**418,106**	**-**	**-**	**418,106**
	2015	118,106	300,000	-	418,106

(1) Hans Mende and Ivan Maras resigned 31 March 2016.

SHARES UNDER OPTION

Unissued ordinary shares of White Energy as at 30 June 2016 are as follows:

Date performance options granted	Expiry date	Exercise price	Number
8/12/2014	30/6/2020	$0.50	6,000,000
Total			**6,000,000**

No option holder has any right under the options to participate in any other share issue of White Energy or of any other entity. No options were granted to the Directors or other Key Management Personnel since the end of the financial year.

INSURANCE OF OFFICERS

During the financial year, White Energy paid an insurance premium in respect of an insurance policy for the benefit of those named and referred to above and the Directors, Secretaries, Executive Officers and employees of any subsidiary bodies corporate as defined in the insurance policy.

In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments in addition to their statutory audit duties, where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor (PwC) for audit and non-audit services provided during the year are set out in note 24 to the Financial Statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out in note 24 to the Financial Statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2016 $	2015 $
Taxation Services		
PwC Australian firm:		
Tax compliance and consulting services	**13,850**	28,972
Network firms of PwC Australian firm	**93,240**	46,590
Total remuneration for taxation services	**107,090**	75,562
Total remuneration for non-audit services	**107,090**	75,562

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 36.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

BRIAN FLANNERY
MANAGING DIRECTOR
BRISBANE

29 September 2016

Auditor's Independence Declaration

As lead auditor for the audit of White Energy Company Limited for the year ended 30 June 2016, 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 audit; and

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

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

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
29 September 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
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Annual Financial Statements

30 June 2016

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These financial statements are the consolidated financial statements of the Group consisting of White Energy and its subsidiaries. The financial statements are presented in the Australian currency.

White Energy is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office
White Energy Company Limited
Suite 4, Level 9, 341 George Street, Sydney NSW 2000
Phone (612) 9299 9690

Principal place of business
White Energy Company Limited
Level 7, 167 Eagle Street, Brisbane Qld 4000
Phone (617) 3229 9035

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report on pages 14-32 which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 29 September 2016. The Directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at our investor centre on our website **www.whiteenergyco.com**.

CORPORATE GOVERNANCE STATEMENT

The Group and the board are committed to achieving and demonstrating the highest standards of corporate governance. The Group has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2016 Corporate Governance Statement is dated as at 30 June 2016 and reflects the corporate governance practices in place throughout the 2016 financial year. The 2016 corporate governance statement was approved by the board on 26 August 2016. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at **www.whiteenergyco.com/about-us/corporate-governance**.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Revenue	5	**28,386**	26,833
Coal mining operation expenses		**(35,011)**	(31,849)
Employee benefits expense	6	**(7,906)**	(9,694)
Depreciation and amortisation expense	6	**(13,410)**	(10,608)
Impairment expense	6	**(42,027)**	(4,956)
Finance costs		**(3,714)**	(1,640)
External advisory fees	6	**(6,186)**	(5,081)
Occupancy expenses		**(707)**	(781)
Travel expenses		**(680)**	(768)
Plant operating costs		**(542)**	(673)
Accounting, tax and audit fees		**(567)**	(859)
Loss on foreign exchange		**(300)**	(122)
Other expenses		**(2,914)**	(3,158)
Loss before income tax		**(85,578)**	(43,356)
Income tax credit	7	**-**	3,130
Net loss for the year from continuing operations		**(85,578)**	(40,226)
Profit from discontinued operations after tax	29	**330**	970
Net loss for the year		**(85,248)**	(39,256)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**1,077**	889
Total other comprehensive income for the year		**1,077**	889
Total comprehensive loss for the year		**(84,171)**	(38,367)
Loss is attributable to:			
Owners of the Company		**(56,682)**	(27,836)
Non-controlling interests		**(28,566)**	(11,420)
Total loss for the year		**(85,248)**	(39,256)
Total comprehensive loss is attributable to:			
Owners of the Company, from:			
– Continuing operations		**(56,052)**	(28,972)
– Discontinued operations		**330**	970
		(55,722)	(28,002)
Non-controlling interests		**(28,449)**	(10,365)
Total comprehensive loss for the year		**(84,171)**	(38,367)
Basic and diluted loss per share attributable to ordinary equity holders of the Company:		**Cents**	Cents
On loss from continuing operations		**(17.36)**	(8.80)
On total loss	32	**(17.26)**	(8.48)

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	8	**6,557**	25,635
Inventories	9	**1,763**	4,397
Trade and other receivables	10	**2,438**	4,079
		10,758	34,111
Assets classified as held for sale	11	**6,320**	-
Total current assets		**17,078**	34,111
Non-current assets			
Restricted cash	12	**6,752**	4,915
Biological assets – livestock	11(a)	**-**	2,848
Property, plant and equipment	14	**34,766**	56,565
Exploration assets	15	**9,991**	27,231
Intangible assets	16	**29,845**	44,748
Total non-current assets		**81,354**	136,307
Total assets		**98,432**	170,418
Current liabilities			
Trade and other payables	17	**12,275**	13,407
Provisions	18	**1,315**	2,045
Other payables	19	**23,288**	-
Total current liabilities		**36,878**	15,452
Non-current liabilities			
Provisions	18	**1,803**	724
Other payables	19	**42,732**	52,904
Total non-current liabilities		**44,535**	53,628
Total liabilities		**81,413**	69,080
Net assets		**17,019**	101,338
Equity			
Contributed equity	21	**493,476**	493,476
Reserves	22	**(12,497)**	(13,309)
Accumulated losses	22	**(428,904)**	(372,222)
Total equity attributable to owners of White Energy Company Limited		**52,075**	107,945
Non-controlling interests	23	**(35,056)**	(6,607)
Total equity		**17,019**	101,338

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Attributable to the owners of White Energy Company Limited					
	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2014	**490,938**	**(10,753)**	**(344,386)**	**135,799**	**3,758**	**139,557**
Loss for the year	-	-	(27,836)	(27,836)	(11,420)	(39,256)
Other comprehensive income/(loss)	-	(166)	-	(166)	1,055	889
Total comprehensive income/(loss) for the year	**-**	**(166)**	**(27,836)**	**(28,002)**	**(10,365)**	**(38,367)**
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	2,538	-	-	2,538	-	2,538
Share based payments	-	(2,390)	-	(2,390)	-	(2,390)
	2,538	**(2,390)**	**-**	**148**	**-**	**148**
Balance at 30 June 2015	**493,476**	**(13,309)**	**(372,222)**	**107,945**	**(6,607)**	**101,338**
Loss for the year	-	-	(56,682)	(56,682)	(28,566)	(85,248)
Other comprehensive income	-	960	-	960	117	1,077
Total comprehensive income/(loss) for the year	**-**	**960**	**(56,682)**	**(55,722)**	**(28,449)**	**(84,171)**
Transactions with owners in their capacity as owners						
Share based payments	-	(148)	-	(148)	-	(148)
	-	(148)	-	(148)	-	(148)
Balance at 30 June 2016	**493,476**	**(12,497)**	**(428,904)**	**52,075**	**(35,056)**	**17,019**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	**2016 $'000**	2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**32,812**	27,446
Payment to suppliers and employees (inclusive of goods and services tax)		**(56,783)**	(56,873)
		(23,971)	(29,427)
Interest received		**467**	1,599
Payments for certificates of deposit restricted for bonds		**(1,737)**	(2,549)
Net cash outflow from operating activities	31	**(25,241)**	(30,377)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**179**	-
Payments for property, plant and equipment		**(1,490)**	(20,154)
Payments for exploration assets		**(634)**	(1,086)
Loans advanced		**(341)**	-
Payment for development costs		**(1)**	(37)
Net cash outflow from investing activities		**(2,287)**	(21,277)
Cash flows from financing activities			
Proceeds from borrowings		**8,512**	20,528
Finance charges paid		**(469)**	-
Finance lease payments		**(53)**	-
Net cash inflow from financing activities		**7,990**	20,528
Net decrease in cash and cash equivalents		**(19,538)**	(31,126)
Cash and cash equivalents at the beginning of the financial year		**25,635**	56,386
Effect of exchange rate changes on cash and cash equivalents		**460**	375
Cash and cash equivalents at the end of the year	8	**6,557**	25,635

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of White Energy and its subsidiaries.

(a) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. White Energy is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRSs

The consolidated financial statements of the White Energy Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2015:

> AASB 2014-1 Amendments to Australian Accounting Standards

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(v) Going concern

As outlined in the Directors' Report, the Company recorded a total comprehensive loss for the year ending 30 June 2016 of $84,171,000 (2015: $38,367,000), had net cash outflows from operations of $25,241,000 (2015: $30,377,000) and a cash balance excluding restricted cash of $6,557,000 ($25,635,000 as at 30 June 2015). The Company's current liabilities exceed its current assets by $19,800,000 (net current assets of $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, equipment leases and provisions incurred in the ordinary course of business. The Company has prepared a cash flow forecast to 30 September 2017. The cash flow forecast demonstrates the need to raise additional funding to meet the Company's planned 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 repayment dates of shareholder loans and associated accrued interest of $23,230,000, currently classified as current liabilities in the Balance Sheet at 30 June 2016 have subsequently been extended to 2019.

The Directors believe that the Company will be successful in the above matters 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 and accordingly have prepared the financial statements on a going concern basis.

(b) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of White Energy ('Company' or 'Parent Entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. White Energy and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(i)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition.

There were no associate entities in the Group at any time in the financial periods to which this financial report relates.

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of White Energy.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the Board of Directors).

(d) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is White Energy's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within gain/(loss) on foreign exchange.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

> assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

> income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

> all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Coal sales are recognised as revenue when the significant risk and rewards of ownership have passed to the buyer and the revenue can be measured reliably. This is usually at the time of shipping the coal.

(ii) Interest income is recognised using the effective interest method.

(iii) Sampling income is recognised as revenue on completion of the associated coal testing.

(iv) Livestock revenue is measured at the fair value of the consideration received or receivable and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of the delivery of the sheep, cattle or wool.

(f) GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase or construction of property, plant and equipment are included in current liabilities or non-current liabilities as deferred income and are credited to the statement of comprehensive income on a straight line basis over the expected lives of the related assets.

(g) INCOME TAX

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity ("White Energy Company Limited") is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

White Energy and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) LEASES

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 25(d)). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(i) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's net identifiable assets.

Acquisition related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non controlling interests in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the statement of comprehensive income.

(j) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Exploration assets are reviewed for impairment at the end of each reporting period or on renewal of the tenement.

(k) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(l) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(m) INVENTORY

Coal inventory is stated at the lower of cost and net realisable value. Costs are assigned based on the average cost per tonne of production and includes direct materials and labour. The net realisable value is the estimated selling price in the ordinary course of business less an estimate of selling costs.

(n) BIOLOGICAL ASSETS

Biological assets of the Group include livestock (cattle and sheep). All biological assets are measured on initial recognition and at each subsequent reporting date at their fair value estimated point of sale costs (net market value).

(i) Valuations – livestock

The net market value of livestock is determined through a combination of recent external sale prices for Ingomar Station sheep and cattle and the movement in the Eastern states trade lamb indicator and Eastern young cattle indicator from the date of the last external sale. The net market value of livestock excludes the impact of selling costs.

(ii) Value of livestock sold

The value of livestock sold represents the sale price received or receivable from the external selling agent for each animal sold after deducting selling costs.

(iii) Net increment/decrement in the net market value of biological assets

Any increase or decrease in the net market value of biological assets is recognised as other income or other expenses in the statement of comprehensive income. The movement is determined as the difference between the net market value at the beginning and end of the financial year adjusted for purchases and sales during the financial year.

(o) EXPLORATION AND EVALUATION COSTS

Exploration and evaluation expenditure on exploration tenements and rights to farm-in are accumulated separately for each area of interest. Such expenditure is comprised of net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided one of the following conditions is met:

> such costs are expected to be recouped through successful development and exploitation of the area of interest, or

- alternatively, by its sale; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Exploration expenditure that fails to meet at least one of the conditions outlined above is written off or a provision made. When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current.

No amortisation has been, or will be, charged until the asset is available for use, that is, when the asset has been sufficiently developed so that production is in progress.

(p) INVESTMENTS AND OTHER FINANCIAL ASSETS

(i) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At the reporting date the only financial assets held were loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Receivables are included in trade and other receivables (note 10) in the Balance Sheet.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(ii) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Impairment testing of trade receivables is described in note 1(l).

(q) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment and leasehold improvements are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flows hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Land is stated at historical cost and is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment the shorter lease term.

Assets under construction are not depreciated. The determination of the useful life of assets under construction is determined once the plant is fully operational.

The depreciation rate used for each class of depreciable asset is as follows:

(i) Plant and equipment including buildings: 2–20 years

(ii) Leasehold improvements: Over the period of the lease (generally 1–5 years)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(r) INTANGIBLE ASSETS

(i) Goodwill

Goodwill is measured as described in note 1(i). Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

(ii) Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which at present is 17.61 years.

(iii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects such as the detailed BCB plant design and Americanisation of the BCB plant design are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point which the asset is ready for use.

(iv) Detailed BCB plant design

The detailed BCB plant design has a finite life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the estimated useful life which is 10 years.

(v) Americanisation of the BCB plant design

The Americanisation of the BCB plant design has a finite life and is carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight-line method over the estimated useful life which is 10 years.

(s) TRADE AND OTHER CREDITORS

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(t) BORROWINGS

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(u) BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. Borrowing costs include interest on bank overdrafts, bank fees and charges.

(v) PROVISIONS

Provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(w) LEASE INCENTIVES

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing payments.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern from the benefit from the use of the leased asset.

Costs incurred, including those in connection with a pre-existing lease (for example costs for termination, relocation or leasehold improvements), are accounted for in accordance with Australian Accounting Standards applicable to those costs, including costs which are effectively reimbursed through an incentive arrangement.

(x) EMPLOYEE BENEFITS

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave and sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

(ii) Other long term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share based payments

Share based compensation benefits are provided to eligible employees via the Long Term Incentive Plan and an Executive Retention Plan. Information relating to these schemes is set out in note 33.

The fair value of options granted under the Long Term Incentive Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined after taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each reporting date, the entity revises its estimate of the number of options or performance shares that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.
The impact of the revision to original estimates, if any, is recognised in the

statement of comprehensive income with a corresponding adjustment to equity.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(y) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(z) EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

(aa) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(ab) ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ac) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE COMPANY

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial instruments

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model. The standard is not applicable until 1 January 2018 but is available for early adoption.

The Group does not expect any impact from the new classification, measurement and derecognition rules on the group's financial assets and financial liabilities while the Group currently does not have any debt instruments classified as available-for-sale financial assets. The Group does not expect any impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

While the Group currently does not have any hedging arrangements, as a general rule, it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation.

The new impairment model is an expected credit loss model which may result in the earlier recognition of credit losses.

The Group expects to adopt AASB 9 on its mandatory date and is currently assessing the impact of new regulations in the Group's financial statements.

(ii) AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

Management is currently assessing the new rules and is not yet able to estimate the impact on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months and expects to adopt the new standard after its mandatory date, 1 January 2018.

(iii) AASB 16 Leases

AASB 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has operating lease commitments of $11,052,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. The Group does intends to adopt the standard from its effective date, 1 January 2019.

(ad) PARENT ENTITY FINANCIAL INFORMATION

The financial information for the Parent Entity, White Energy, disclosed in note 34 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of White Energy. Dividends received from associates are recognised in the Parent Entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

White Energy and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, White Energy, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts.

These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, White Energy also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement and tax sharing agreement under which the wholly-owned entities fully compensate White Energy for any current tax payable assumed and are compensated by White Energy for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to White Energy under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreement or tax sharing agreement with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(ae) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as assets arising from employee benefits, financial assets and investment property that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and the assets and liabilities of the discontinued operations are presented separately from the other assets and liabilities in the balance sheet.

NOTE 2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. These include market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on liquidity and cash flow management.

Risk management is carried out by management under policies approved by the Board of Directors, who evaluate financial risks in close co-operation with the Group's Key Management Personnel.

(a) MARKET RISK

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar and the South African Rand.

Foreign exchange risk arises from future commercial transactions and recognising assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group seeks to limit its exposure to transactional foreign exchange risk by maintaining bank accounts denominated in currencies relevant to local operations – predominantly US Dollars and South African Rand. Operations located in the USA and South Africa transact in local currencies from local bank accounts. Foreign exchange risks for expected future foreign currency commitments can be limited by holding funds in foreign currency bank accounts.

The Group's exposure to foreign currency risk of financial assets and liabilities at the end of the reporting period, expressed in Australian dollars, was as follows:

	2016 $'000	2015 $'000
Assets		
Cash and cash equivalents	**1,442**	1,952
Restricted cash	**4,752**	2,915
Trade and other receivables	**1,221**	3,718
Total assets	**7,415**	8,585
Liabilities		
Trade and other payables – Current	**17,741**	7,026
Trade and other payables – Non-current	**52,349**	51,707
Total liabilities	**70,090**	58,733

Sensitivity

Based on the Group's foreign-denominated financial assets and liabilities above at 30 June 2016, had the Australian Dollar weakened / strengthened by 10% against the US Dollar and South African Rand at 30 June 2016 with all other variables held constant, the Group's equity at the end of the year would have been $6,964,000 lower/$5,698,000 higher (2015: $5,975,000 lower/$4,741,000 higher). As all material financial assets and liabilities are held in the functional currency of the local subsidiary, there would be no resulting impact on Group profit from a change in exchange rates – the movement would be accounted for in equity through the foreign currency translation reserve. The analysis is conducted in relation to base exchange rates of: AUD/USD $0.7426 (2015: $0.768); and AUD/ZAR $10.993 (2015: $9.3987).

(ii) Price risk

The Group is exposed to commodity price risk arising from sale of coal from the Group's coal mining operations in the USA and from fluctuations in the prices of sheep and cattle owned by the Group at its South Australian property.

Coal

The Group's exposure to coal price fluctuations has been largely mitigated through the use of long term fixed price sales contracts that allows for annual price increases. Over 73% of coal revenues in the year to 30 June 2016 were from fixed-price contracts. For the balance of coal sales, prices can fluctuate depending on local supply and demand. If achieved sales prices had been on average, 10% higher/lower throughout the year, the Group's loss after tax would have been $732,000 lower/higher.

Livestock

The Group's livestock are re-valued at each reporting period through a combination of recent achieved external sale prices and cattle and the movement in the Eastern States Trade Lamb Indicator and Eastern Young Cattle Indicator from the date of the last external sale until the reporting period date. The property has been sold subsequent to the end of the period, with livestock at 30 June 2016 valued at the agreed sale price. Subsequent movements in livestock market values will therefore have no impact on the Group's profits or equity.

(iii) Interest rate risk

The Group's main exposure to interest rate risk during the year arose from movements in the interest rates received on its bank accounts and term deposits. The Group's external borrowings were at fixed interest rates which was determined on the draw down date.

The Group manages interest rate risk by holding a large portion of the Group's cash and cash equivalents in fixed short term deposits after forecasting its cash management needs. Interest payable on each shareholder loan drawdown is at a fixed rate.

The Group's exposure to interest rate risk for all classes of financial assets and liabilities, at 30 June 2016 and 30 June 2015 is set out below:

At 30 June 2016	Floating interest rate $'000	Fixed interest maturing in less than 12 months $'000	Fixed interest maturing in more than 12 months $'000	Non-interest bearing $'000	Carrying Amount assets/ liabilities $'000
Financial assets					
Cash and cash equivalents	4,553	2,004	-	-	6,557
Restricted cash	-	4,752	-	2,000	6,752
Trade and other receivables	341	2	-	1,221	1,564
Total financial assets	**4,894**	**6,758**	**-**	**3,221**	**14,873**
Financial liabilities					
Trade and other payables	-	20,389	37,845	18,860	77,094
Total financial liabilities	**-**	**20,389**	**37,845**	**18,860**	**77,094**
Net financial assets/(liabilities)	**4,894**	**(13,631)**	**(37,845)**	**(15,639)**	**(62,221)**

At 30 June 2015	Floating interest rate $'000	Fixed interest maturing in less than 12 months $'000	Fixed interest maturing in more than 12 months $'000	Non-interest bearing $'000	Carrying Amount assets/ liabilities $'000
Financial assets					
Cash and cash equivalents	6,857	18,778	-	-	25,635
Restricted cash	-	-	2,915	2,000	4,915
Trade and other receivables	-	142	-	3,937	4,079
Total financial assets	**6,857**	**18,920**	**2,915**	**5,937**	**34,629**
Financial liabilities					
Trade and other payables	-	-	48,937	17,376	66,313
Total financial liabilities	**-**	**-**	**48,937**	**17,376**	**66,313**
Net financial assets/(liabilities)	**6,857**	**18,920**	**(46,022)**	**(11,439)**	**(31,684)**

Sensitivity

The Group's fixed rate financial assets and liabilities are not considered to be subject to interest rate risk as neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. If interest rates had increased or decreased by 100 basis points from the year end rates with all other variables held constant and financial asset balances subject to floating interest rates were maintained for a full year, the cash balances and post tax profit/loss would be $48,900 higher/$48,900 lower (2015 changes of 100 bps: $14,000 higher/$14,000 lower).

(b) CREDIT RISK

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and committed transactions.

For cash and cash equivalents, the Group manages its credit risk by only depositing its funds with reputable banks and financial institutions and spreads its deposits across several banks in a number of countries.

For trade and other receivables, management assesses the credit worthiness of customers before sales are made. This assessment typically includes consideration of the customers' financial position and past experiences with the customer. In the majority of cases, credit terms of 30 days are offered to customers.

The credit quality of trade and other receivables was assessed as follows:

	2016 $'000	2015 $'000
Counterparties without external rating		
Group 1 – New customers	**40**	40
Group 2 – Existing customers – no past defaults	**524**	1,563
Group 3 – Existing customers – past defaults	**4**	1,441
Total trade receivables	**568**	3,044

Further information on credit risk in relation to customers and impaired trade receivables is outlined in note 10 (a) and (b).

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting dates was:

	Note	**2016 $'000**	2015 $'000
Cash and cash equivalents	8	**6,557**	25,635
Trade and other receivables	10	**2,438**	4,079
Restricted cash	12	**6,752**	4,915
Total exposure to credit risk at year end		**15,747**	34,629

(c) LIQUIDITY RISK

The Group's exposure to liquidity risk would arise where the Group does not hold sufficient cash reserves or have access to uncommitted credit facilities to meet supplier and other payment obligations when they fall due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group ensures that there are sufficient cash funds available to meet the expenses incurred. Where forecasts indicate a future funding requirement, management has and will continue to conduct initiatives such as capital raising to meet such demands.

(i) Financing arrangements

Funding for certain Group companies is provided from White Energy and other minority shareholders pursuant to shareholder funding agreements. There is no specific facility limit available, with drawdown requests being considered for approval by White Energy and the minority shareholders in relation to approved budgets and forecasts.

To improve cash flow from customers, the Group has a financing arrangement with a financial institution which accelerates the receipt of amounts owing from certain customers.

The Group utilises finance and operating leases for the provision of plant and equipment used in its operations. Applications for new leases are assessed on a case-by-case basis.

(ii) Maturities of financial liabilities

The tables below analyse the Group's expected maturity profile of the financial liabilities held as at reporting date. The amounts disclosed in the table are the expected contracted undiscounted cash flows as the impact of discounting is not significant.

The contractual cash flows disclosed below as trade and other payables includes $69,960,000 (2015: $51,708,000) payable by non-wholly-owned subsidiaries to minority shareholders with a carrying amount of $65,080,000 (2015: $51,708,000). Further information on shareholder loans can be found in note 19(c).

Contractual maturities of financial liabilities At 30 June 2016	Less than 6 months $'000	Less than 12 months $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000
Non-derivatives				
Trade and other payables[1]	11,862	23,989	46,121	81,972
Total non-derivatives	**11,862**	**23,989**	**46,121**	**81,972**
At 30 June 2015				
Non-derivatives				
Trade and other payables	12,963	-	51,708	64,671
Total non-derivatives	**12,963**	**-**	**51,708**	**64,671**

(1) Subsequent to the reporting date, the repayment terms of loans payable to minority shareholders were changed. If the new terms had been effective as at the reporting date, $23,960,000 reported above in the "less than 12 months" category would have been reported in the "between 1 and 5 years" category.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) IMPAIRMENT OF ASSETS

(i) Coal technology cash generating unit (CGU)

Where an intangible asset is subject to amortisation, the Group tests for impairment only when an event or change in circumstances indicates that the carrying value may not be recoverable.

The coal technology CGU had the following intangible assets with finite useful lives subject to amortisation:

> BCB coal technology license: is being amortised over the license term of 17.61 years;

> Detailed BCB plant design: is being amortised over 10 years from 1 July 2010;

> Americanisation of the BCB plant design: will be amortised over 10 years; and

> Development costs: will be amortised over 10 years from the time the corresponding project has reached a

stage of intended use. The carrying value of the capitalised development costs are individually assessed for impairment in each reporting period.

The Directors have determined that the carrying value of the coal technology CGU does not exceed its recoverable amount. The carrying values of these intangible assets are disclosed in note 16.

In addition to the intangible assets identified above, the coal technology CGU also includes items of plant and equipment with a carrying value of $11,800,000.

By their very nature there is inherent uncertainty in the value of technology related assets such as the BCB technology and this uncertainty in the value will remain until such time as the BCB technology is operated on a commercial scale. The critical assumption affecting the recoverable amount of the intangible assets referred to above is the successful commercialisation of coal fines upgrading opportunities, utilising the BCB technology, in Australia and South Africa. Refer to note 16(a)(i) for details of these assumptions.

(ii) Mining exploration cash generating unit (CGU)

Exploration expenditure is reviewed annually to ensure that, for each area of interest carried forward as an asset, at least one of the conditions set out in note 1(o) is met.

In each reporting period, the Group tests whether exploration assets have suffered an impairment in accordance with the accounting policy outlined in note 1(j). The recoverable amount of the mining exploration CGU was determined based on fair value less costs of disposal calculations. These calculations require the use of assumptions.

The critical assumption affecting the recoverable amount of the mining exploration CGU is the future development potential of EL5719, including the potential opportunity to supply coal to the domestic market and coal gasification commercialisation opportunities. Refer to note 15(b) for further details of these assumptions and the potential impact of changes to the assumptions.

(iii) Coal mining cash generating unit (CGU)

The assets associated with the coal mining CGU include the property, plant and equipment and coal inventories at the coal mines operated by Mountainside Coal Company in Kentucky, USA. The coal mining CGU also included Goodwill recognised upon acquisition and capitalised costs of exploration, development and mining rights associated with those operations.

The carrying value of the assets are tested for impairment in accordance with the accounting policy outlined in note 1(j). The recoverable amount of the coal mining CGU was determined based on fair value less costs of disposal calculations. These calculations require the use of assumptions.

The critical assumptions affecting the recoverable amount of the coal mining CGU are those that impact the future financial performance of the mining operations, including the ability to produce and sell sufficient quantities of coal profitably. The discounted cash flow model used to value the business reflects management's estimate of future variables, including production volumes, wash plant yields, sales prices, operating costs, exchange rates and discount rates.

If the actual future results experienced differ from the assumptions made, the recoverable amount of the coal mining CGU assets could be different and the carrying value may exceed the recoverable amount. For example, if the average production volumes were 10% lower than the assumptions used in the model, then the recoverable value may be $13,023,000 lower, requiring an additional impairment charge.

Refer to note 16(a)(ii) for further details of the assumptions applied.

(b) RECLAMATION PROVISION

The Group is required to rehabilitate areas disturbed by its mining and exploration activities. There is some flexibility as to the timing of these reclamation activities. In raising the provision, management has estimated both the future cost of conducting the reclamation work and the future year in which the work will be performed. If the actual cost of conducting the rehabilitation work was 10% higher than management's estimate, then the reclamation provision and non-current assets would have been $196,000 higher at 30 June 2016. As the future costs are discounted from the expected future year back to the balance date, the recognised value of the provision can be impacted by the eventual timing of the work. If the reclamation work were to be performed one year earlier than management's estimate, then the reclamation provision and non-current assets would each be $25,000 higher at balance date.

NOTE 4. 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 a consortia led by CSIRO which processes relatively poor quality coal into a higher quality product.

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

The mining exploration segment holds tenements near Cooper Pedy, 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 contributes to Group revenue. The property was being offered for sale at 30 June 2016 and has subsequently been sold. The property operations are reported as a discontinued operation as at 30 June 2016.

The Group's sectors operate in five 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) Asia: Comprises operations carried on in Indonesia, China and Singapore. The area of operation is the coal technology business line. In previous periods, China was identified separately from South East Asia, but as operations across Asia generally have been relatively minor, in 2016 these areas are combined to be reported as a single geographical area.

(iii) South Africa and Mauritius: 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) United Kingdom (UK): An investment holding Company which owns MCC.

(b) SEGMENT INFORMATION PROVIDED TO THE BOARD OF DIRECTORS

The Board of Directors regularly reviews the financial performance of the group for the reportable segments below. The Board does not review assets and liabilities of each segment.

2016	Coal technology				Coal Mining		Mining exploration	Property	Inter-company	Total
	Australia $'000	Asia $'000	South Africa $'000	U.S. $'000	U.S. $'000	U.K. $'000	Australia $'000	Australia $'000	$'000	$'000
Total income	8,580	-	667	-	27,430	347	18	1,977	(8,656)	30,363
Total expenses	(13,736)	(106)	(1,984)	18	(38,914)	(429)	(46)	(2,239)	535	(56,901)
EBITDA (1)	**(5,156)**	**(106)**	**(1,317)**	**18**	**(11,484)**	**(82)**	**(28)**	**(262)**	**(8,121)**	**(26,538)**
Depreciation	(1,804)	(2)	(466)	-	(6,623)	-	-	(126)	10	(9,011)
Amortisation	(3,846)	-	(894)	-	(438)	(1,870)	-	-	2,523	(4,525)
Interest expense	(15)	-	(1,523)	(2,190)	(4,020)	(2,076)	-	-	6,110	(3,714)
Write-offs/ Impairment expense	-	-	(670)	-	(26,257)	-	(15,100)	-	-	(42,027)
Other expenses	(144)	(70)	(4)	-	-	(3)	-	-	70	(151)
Fair value gains	-	-	-	-	-	-	-	718	-	718
Loss before income tax(1)	**(10,965)**	**(178)**	**(4,874)**	**(2,172)**	**(48,822)**	**(4,031)**	**(15,128)**	**330**	**592**	**(85,248)**

(1) Includes discontinued operations and the income and expenses attributable to minority interests in non-wholly-owned subsidiaries

2016	Coal technology				Coal Mining		Mining exploration	Property	Inter-company	Total
	Australia $'000	Asia $'000	South Africa $'000	U.S. $'000	U.S. $'000	U.K. $'000	Australia $'000	Australia $'000	$'000	$'000
Other segment information										
Total segment income above includes:										
(a) Revenues from:										
- external customers	642	-	-	-	27,385	13	18	1,977	-	30,035
- other segments	7,663	-	659	-	-	334	-	-	(8,656)	-
(b) Interest revenue	275	-	8	-	45	-	-	-	-	328
Non-current assets(2)	36,310	2,000	9,282	2,122	28,011	17,499	9,991	-	(23,861)	81,354

(2) Excluding financial instruments, deferred tax balances and assets of discontinued operations

2015	Coal technology				Coal Mining		Mining exploration	Property	Inter-company	Total
	Australia $'000	Asia $'000	South Africa $'000	U.S. $'000	U.S. $'000	U.K. $'000	Australia $'000	Australia $'000	$'000	$'000
Total income	11,319	-	1,672	64	23,213	257	1	1,328	(9,693)	28,161
Total expenses	(23,630)	(167)	(3,136)	(625)	(34,590)	(398)	(71)	(746)	9,902	(53,461)
EBITDA (1)	**(12,311)**	**(167)**	**(1,464)**	**(561)**	**(11,377)**	**(141)**	**(70)**	**582**	**209**	**(25,300)**
Depreciation	(1,765)	(1)	(73)	-	(3,968)	-	(1)	(123)	(16)	(5,947)
Amortisation	(3,860)	-	(873)	-	(631)	(1,625)	-	-	2,206	(4,783)
Interest expense	-	-	(1,073)	(1,882)	(764)	(1,763)	-	-	3,842	(1,640)
Write-offs/ Impairment expense	(1,325)	-	-	(958)	(2,673)	-	-	-	-	(4,956)
Other expenses	49	-	(16)	-	-	(1)	-	(533)	(303)	(804)
Fair value gains	-	-	-	-	-	-	-	1,044	-	1,044
Loss before income tax (1)	**(19,212)**	**(168)**	**(3,499)**	**(3,401)**	**(19,413)**	**(3,530)**	**(71)**	**970**	**5,938**	**(42,386)**
Other segment information										
Total segment income above includes:										
(a) Revenues from:										
- external customers	767	-	1,375	4	23,211	-	-	1,328	-	26,685
- other segments	9,091	-	285	60	-	257	-	-	(9,693)	-
(b) Interest revenue	1,460	-	12	-	3	-	1	-	-	1,476
Non-current assets(2)	41,959	2,001	11,117	2,051	53,830	18,694	25,059	6,688	(25,092)	136,307

(1) Includes discontinued operations and the income and expenses attributable to minority interests in non-wholly-owned subsidiaries

(2) Excluding financial instruments and deferred tax balances

(c) OTHER SEGMENT INFORMATION

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

Segment income reconciles to the statement of comprehensive income revenue as follows:

	2016 $'000	2015 $'000
Total segment income	**30,363**	28,161
Exclude revenue from discontinued operations recognised in segment income	**(1,977)**	(1,328)
Total revenue from continuing operations	**28,386**	**26,833**

The head entity, White Energy Company Limited, is domiciled in Australia. The amount of its revenue from external customers in Australia (including discontinued operations) is $2,911,000 (2015: $3,566,000) and the total revenue from external customers in other countries is $27,452,000 (2015: $24,595,000), including $27,430,000 (2015: $23,213,000) from customers in the USA. Segment revenues are allocated based on the country in which the customer is located.

(ii) Major customers

Revenues attributed to the Coal Mining (USA) segment are derived from a number of significant customers who each account for greater than 10% of White Energy's revenue from continuing operations. Revenues earned from each of these customers during the year were: $20,019,000 (2015: $2,257,000); $3,299,000 (2015: $7,533,000); $288,000 (2015: $5,935,000); $nil (2015: $3,416,000); and $nil (2015: $2,698,000).

(iii) Reconciliation to consolidated loss for the year

The segment information total loss before income tax reconciles to the statement of comprehensive income loss before income tax as follows:

	2016 $'000	2015 $'000
Total loss for the year – segment information including discontinued operations	**85,248**	42,386
Profit from discontinued operations	**330**	970
Consolidated loss from continuing operations before income tax	**85,578**	**43,356**

NOTE 5. REVENUE

	2016 $'000	2015 $'000
From continuing operations		
Interest income	**328**	1,476
Coal sales	**27,340**	23,076
Government grant income (a)	**435**	435
Sampling income – potential customers	**16**	1,389
Other revenue	**267**	457
	28,386	**26,833**

(a) Government grant income of $435,000 (2015: $435,000) was recognised by the Group during the financial year, which represents the annual amortised amount of a Commercial Ready Grant received in 2008. There are no unfulfilled conditions or other contingencies attaching to these grants.

NOTE 6. EXPENSES

	2016 $'000	2015 $'000
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation expense – Property, plant and equipment	**8,885**	5,825
Amortisation expense – Intangible assets	**4,525**	4,783
Total depreciation and amortisation expense	**13,410**	10, 608
Consulting, external management and professional fees	**1,669**	1,878
Legal fees - litigation	**4,517**	3,203
Total external advisory fees	**6,186**	5,081
Impairment expense – Exploration tenements and rights	**18,004**	(1)
Impairment expense – Goodwill	**9,972**	-
Impairment expense – Development costs	**983**	1,072
Impairment expense – Fixed assets	**13,068**	3,797
Impairment expense – Bowen Basin exploration assets	**-**	88
Total impairment expense	**42,027**	4,956
Occupancy expenses – Minimum lease payments	**503**	835
Defined contribution superannuation expense	**442**	534
Other employee benefits expense	**7,464**	9,160
Total employee benefits expense	**7,906**	9,694

NOTE 7. INCOME TAX CREDIT

(a) INCOME TAX CREDIT

	2016 $'000	2015 $'000
Current tax	**(2,713)**	(1,588)
Deferred tax	**2,052**	(4,817)
Adjustments for current tax of prior periods	**661**	3,275
	-	(3,130)
Income tax credit is attributable to:	-	
Loss from continuing operations	-	(3,130)
Aggregate income tax credit	-	(3,130)

	2016 $'000	2015 $'000
Decrease/(increase) in deferred tax assets (note 13)	**4,264**	-
(Decrease)/increase in deferred tax liabilities (note 20)	**(4,264)**	(2,776)
	-	(2,776)

	2016 $'000	2015 $'000
(b) NUMERICAL RECONCILIATION OF INCOME TAX CREDIT TO PRIMA FACIE TAX PAYABLE		
Loss from continuing operations before income tax credit	**(85,578)**	(42,386)
Tax credit at the Australian tax rate of 30% (2015 - 30%)	**(25,673)**	(12,716)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment expense	**8,078**	1,487
Sundry items	**941**	(562)
Differences in overseas operations tax rates	**(1,822)**	244
Tax losses and timing differences not brought to account	**18,476**	8,417
Income tax credit	**-**	(3,130)
(c) TAX LOSSES		
Unused tax losses for which no deferred tax asset has been recognised	**161,744**	112,348
Potential tax benefit	**48,873**	34,264
(d) UNRECOGNISED TEMPORARY DIFFERENCES		
Temporary differences for which a deferred tax asset/(liability) has not been recognised:		
Tax losses	**161,744**	112,348
Unrealised foreign currency translation	**79,563**	71,650
	241,307	183,998
Unrecognised deferred tax assets/(liabilities) relating to the above temporary differences	**72,742**	55,199

NOTE 8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Cash at bank and in hand	**6,557**	25,635
	6,557	25,635

(a) RISK EXPOSURE

The Group's exposure to interest rate risk is discussed in note 2(a)(iii). The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) BANK GUARANTEES

At 30 June 2016 bank guarantees exist which have been issued as security for property bonds in the amount of $229,000 (2015: $229,000).

NOTE 9. CURRENT ASSETS – INVENTORY

	2016 $'000	2015 $'000
Coal stockpiles – ROM at cost	**1**	1,375
Coal stockpiles – Product at net realisable value	**1,587**	2,862
Other	**175**	160
	1,763	4,397

NOTE 10. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2016 $'000	2015 $'000
Trade debtors	**792**	3,222
Provision for impairment of receivables (a)	**(224)**	(178)
Prepayments	**874**	526
Loan receivable	**341**	-
Deposits	**310**	317
Interest receivable	**2**	142
Other receivables	**343**	50
	2,438	4,079

(a) IMPAIRED TRADE RECEIVABLES

As at 30 June 2016, current trade receivables of the Group with a nominal value of $224,000 (2015: $178,000) were impaired. The amount of the provision was $224,000 (2015: $178,000).

The ageing of impaired trade receivables is as follows:

	2016 $'000	2015 $'000
Over 6 months	**224**	178
	224	178
Movements in the provision for impairment of receivables are as follows:		
At start of the year	**178**	178
Provision for impairment recognised during the year	**46**	-
At end of the year	**224**	178

The creation and release of the provision for impaired receivables has been included in other expenses in the statement of comprehensive income.

(b) PAST DUE BUT NOT IMPAIRED

As at 30 June 2016, trade receivables of $132,000 (2015: $1,660,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default or for whom a payment plan has been negotiated. The ageing analysis of these trade receivables is as follows:

	2016 $'000	2015 $'000
Up to 3 months	**123**	920
3 to 6 months	**-**	711
Over 6 months	**9**	29
	132	1,660

In addition, the loan receivable of $341,000 (2015: nil) was overdue by one month as at 30 June 2016. Repayment of the loan has not been demanded and the value of the loan is expected to be recovered through repayment or as part of a future commercial arrangement.

(c) FOREIGN EXCHANGE, INTEREST RATE AND LIQUIDITY RISK

Information about the Group's exposure to foreign exchange risk, interest rate risk and liquidity risk is provided in note 2.

(d) FAIR VALUE AND CREDIT RISK

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group.

(e) RISK EXPOSURE

The Group's exposure to credit risk is discussed in note 2(b). The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

NOTE 11. ASSETS HELD FOR RESALE

In June 2016 the Company called for registrations of interest for the sale of its pastoral property, Ingomar Station located in South Australia. A sale agreement was executed in early August and the sale settled on 2 September 2016. The assets associated with the property have been presented as held for sale as at 30 June 2016 and the operating results of the pastoral operations are reported as a discontinued operation.

The assets at 30 June comprised:

	2016 $'000	2015 $'000
Biological assets – livestock (a)	**2,489**	
Land	**2,580**	
Plant and equipment	**1,251**	
	6,320	
(a) Biological assets - livestock		
Opening balance	**2,848**	2,208
Purchases – other	**31**	34
Sales	**(1,108)**	(438)
Change in net market value	**718**	1,044
Closing balance	**2,489**	2,848

Livestock numbers at 30 June 2016 were 16,470 (2015: 18,501) which comprised 13,370 sheep (2015: 16,362) and 3,100 cattle (2015: 2,139). During the year there was a net natural increase of 1,488 sheep (2015: 2,560 decrease) and 2,035 cattle (2015: 1,678).

NOTE 12. NON-CURRENT ASSETS - RESTRICTED CASH

	2016 $'000	2015 $'000
Non-current asset		
Restricted cash – security bond (a)	**2,000**	2,000
Reclamation bonds (b)	**4,752**	2,915
	6,752	4,915

(a) RESTRICTED CASH – SECURITY BOND

The Supreme Court of Western Australia holds a $2,000,000 security bond from White Energy, on behalf of its subsidiary BCBCS, in support of freezing orders made against Bayan Resources Tbk's shareholding in Kangaroo Resources Limited.

(b) RECLAMATION BONDS

The Group holds certificates of deposit restricted for bonds. The certificates are a requirement of the mining permits issued in Kentucky and Tennessee in the USA. The certificates of deposit restricted for bonds are held as security until reclamation of the permitted sites has been suitably completed by the Company.

NOTE 13. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**48,873**	36,840
Intangibles	**833**	585
Trade and other payables	**4,713**	3,495
Trade and other debtors	**2,463**	2,463
Other balances and transactions	**814**	878
Total deferred tax assets	**57,696**	44,261
Deferred tax assets not brought to account:		
Tax losses	**(48,873)**	(32,015)
Other	**(2,366)**	-
	(51,239)	(32,015)
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 20)	**(6,457)**	(12,246)
Net deferred tax assets	**-**	-
Deferred tax assets expected to be settled within 12 months	**3,116**	2,463
Deferred tax assets expected to be settled after more than 12 months	**3,341**	9,783
	6,457	12,246
Movement in deferred tax assets		
At start of the year	**12,246**	10,292
(Charged)/credited to profit or loss:		
Tax losses	**(4,825)**	(593)
Intangibles	**248**	164
Trade and other payables	**1,218**	2,543
Other balances and transactions	**(64)**	(160)
Other deferred tax balances not brought to account	**(2,366)**	-
(Charged)/credited to other comprehensive income	**-**	-
At end of the year	**6,457**	12,246

NOTE 14. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment $'000	Leasehold improvements $'000	Land $'000	Mineral properties $'000	Total $'000
At 1 July 2014					
Cost or fair value	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**
Year ended 30 June 2015					
Opening net book amount	36,361	64	2,899	1,304	40,628
Additions (a)	20,090	10	-	2,510	22,610
Transfers (b)	-	-	-	(1,001)	(1,001)
Disposals	(14)	-	-	-	(14)
Exchange differences	4,042	-	72	(28)	4,086
Depreciation	(4,863)	(16)	-	(1,068)	(5,947)
Impairment expense	(3,797)	-	-	-	(3,797)
Closing net book amount	**51,819**	**58**	**2,971**	**1,717**	**56,565**
At 30 June 2015					
Cost or fair value	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**
Year ended 30 June 2016					
Opening net book amount	51,819	58	2,971	1,717	56,565
Additions	2,501	-	-	1,273	3,774
Transfer to assets held for sale	(1,251)	-	(2,580)	-	(3,831)
Disposals	(878)	-	-	-	(878)
Exchange differences	1,081	-	14	119	1,214
Depreciation	(8,138)	(52)	-	(820)	(9,010)
Impairment expense (c)	(10,779)	-	-	(2,289)	(13,068)
Closing net book amount	**34,355**	**6**	**405**	**-**	**34,766**
At 30 June 2016					
Cost or fair value	55,896	154	405	-	56,455
Accumulated depreciation	(21,541)	(148)	-	-	(21,689)
Net book amount	**34,355**	**6**	**405**	**-**	**34,766**

(a) PLANT AND EQUIPMENT

In January 2015, MCC completed the construction of its new coal wash plant facility at the Indian Gap site. The new coal wash plant was successfully commissioned in February 2015.

(b) TRANSFERS

A portion of mineral properties was transferred to intangible assets during the prior year.

(c) IMPAIRMENT

Further information on the impairment calculations are set out in note 16(a)(ii).

(d) LEASEHOLD EQUIPMENT

Plant and equipment includes the following amounts where the Group is a lessee under a finance lease (refer to note 19(b) for further details):

	2016 $'000	2015 $'000
Cost	**837**	-
Accumulated depreciation	**(209)**	-
Net book amount	**628**	-

NOTE 15. NON-CURRENT ASSETS – EXPLORATION ASSETS

	2016 $'000	2015 $'000
Exploration Tenements		
Coober Pedy : EL5719		
Cost at beginning of reporting period	**7,269**	7,210
Additional expenditure	**32**	59
Net book amount	**7,301**	**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	**602**	1,005
Exchange differences	**130**	216
Impairment (a)	**(2,904)**	-
Net book amount	**-**	**2,172**
Exploration rights		
Cost at beginning of reporting period	**17,790**	17,790
Impairment (b)	**(15,100)**	-
Net book amount	**2,690**	**17,790**
Exploration assets net book amount	**9,991**	27,231

(a) Costs carried-forward in respect of exploration activities at Mountainside Coal Company's coal licences in Kentucky USA are included in the coal mining cash generating unit (CGU). Refer to note 16(a)(ii) for details of the impairment calculations performed in respect of the coal mining CGU.

(b) The Group's mining exploration CGU is comprised of mining exploration rights in South Australia, including EL5719, a large sub-bituminous coal deposit with certified JORC resources and further exploration potential for other minerals.

An internal valuation of the EL5719 mining tenements and exploration rights at 30 June 2016 has been performed and as a result, the aggregate carrying value has been written-down to $9,991,000 after recognising an impairment charge of $15,100,000.

The recoverable amount of a CGU is determined based on the higher of value-in-use calculations and fair value less costs to sell calculations. The recoverable amount of $9,991,000 determined in the internal management valuation as at 30 June 2016 was based on fair value less costs to sell calculation which was calculated as the price that would be paid for EL5719 in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset.

In performing the valuation, management has re-evaluated the key factors outlined in an independent valuation of EL5719 (then known as EL4534) prepared at 30 June 2014.

For the 2014 valuation, the price that would be paid for EL5719 in an arms-length transaction was determined on a value per tonne of resource basis, which was primarily calculated with reference to the forecast development potential of EL5719, in particular the opportunity to supply coal to the domestic power market.

In performing the independent valuation as part of the 30 June 2014 reporting process, the valuer outlined a valuation range. The Directors adopted the mid-point of the valuation range stated by the valuer as the recoverable amount of EL5719.

As part of management's internal valuation as at 30 June 2016, the value per tonne of resources at 30 June 2014 was then adjusted for movements in coal prices, recent comparable transactional evidence and the impact of possible changes in market demand.

The key factors that influenced the final valuation were:

> Price: it was noted that Australian Dollar denominated real long-term thermal coal prices at 30 June 2016 had decreased by 5.8% since 30 June 2014, but had subsequently increased by 16% in July 2016; and

> Market demand for coal: the closure of the Northern Power Station at Port Augusta was observed to have adversely impacted the likely demand for coal in the region.

Taking into account the above factors and recent comparable transaction evidence, the 2014 low range valuation (rather than the mid-point adopted previously) was adjusted downwards to reflect the coal price movement since 2014 and then further discounted to take account of the changed market conditions. The resulting valuation was cross-checked against recent comparable transactions.

As the carrying value has been written-down to equal the estimated recoverable value, any further adverse change to the coal market would impact the recoverable amount and could result in the carrying amount to exceed the recoverable amount. For example a 10% movement in the coal price would result in a movement in the recoverable amount of $700,000.

As the inputs to the 2014 valuation performed by the valuer are significant unobservable inputs, the fair value of the exploration asset is classified as a level 3 fair value.

Further information on the mining exploration CGU can be found in note 3(a)(ii).

NOTE 16. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Goodwill $'000	BCB Coal technology licence $'000	Detailed BCB plant design $'000	Americanisation of the BCB plant design $'000	Development costs $'000	Total $'000
At 1 July 2014						
Cost	7,655	55,983	6,661	1,528	3,861	75,688
Accumulated amortisation	-	(25,432)	(3,325)	-	-	(28,757)
Net book amount	**7,655**	**30,551**	**3,336**	**1,528**	**3,861**	**46,931**
Year ended 30 June 2015						
Opening net book amount	7,655	30,551	3,336	1,528	3,861	46,931
Additions	-	-	-	-	37	37
Transfers[(1)]	-	-	-	-	1,001	1,001
Exchange differences	1,735	-	-	-	899	2,634
Amortisation[(2)]	-	(3,179)	(667)	-	(937)	(4,783)
Impairment	-	-	-	-	(1,072)	(1,072)
Closing net book amount	**9,390**	**27,372**	**2,669**	**1,528**	**3,789**	**44,748**
At 30 June 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**
Year ended 30 June 2016						
Opening net book amount	9,390	27,372	2,669	1,528	3,789	44,748
Additions	-	-	1	-	-	1
Exchange differences	582	-	-	-	(6)	576
Amortisation[(2)]	-	(3,179)	(667)	-	(679)	(4,525)
Impairment (a)	(9,972)	-	-	-	(983)	(10,955)
Closing net book amount	**-**	**24,193**	**2,003**	**1,528**	**2,121**	**29,845**
At 30 June 2016						
Cost	-	55,983	6,662	1,528	2,121	66,294
Accumulated amortisation	-	(31,790)	(4,659)	-	-	(36,449)
Net book amount	**-**	**24,193**	**2,003**	**1,528**	**2,121**	**29,845**

(1) Transferred from Property, Plant and Equipment in 2015

(2) Amortisation of $4,525,000 (2015: $4,783,000) is included in the depreciation and amortisation expense in the statement of comprehensive income. 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 has yet to reach a stage where it is available for use by the Company.

(a) KEY ASSUMPTIONS USED FOR IMPAIRMENT CALCULATIONS

The intangible assets form part of two different cash generating units (CGU). The Goodwill arose on acquisition of the Mountainside coal assets and forms part of the coal mining CGU. The other intangible assets relate to the coal technology CGU.

(i) Coal technology CGU

The coal technology CGU was assessed for impairment at 30 June 2016. The Company appointed an independent valuation firm to perform a valuation of the recoverable amount of the Company's coal technology assets. The valuation was performed with reference to the net present value of identified opportunities for deployment of the binderless coal briquetting technology currently being pursued by the Group.

The valuation concluded that the recoverable amount of the Company's coal technology assets exceeded the 30 June 2016 carrying value.

Further information on the coal technology CGU can be found in note 3(a)(i).

(ii) Coal mining CGU

The coal mining CGU includes the mining tenements, capitalised exploration costs and plant and equipment of the Group's coal mining operations in Kentucky, USA. The coal mining CGU was assessed for impairment at 31 December 2015 and 30 June 2016.

At 31 December 2015, an impairment charge of $9,972,000 was recognised against the carrying value of the goodwill to bring the carrying value of the coal mining CGU into line with the assessed recoverable amount of the CGU. The decline in the recoverable value of the coal mining CGU at 31 December 2015 was due to a deterioration in coal markets and the trading performance of the coal mining operations.

The continued poor performance of the coal mining operations to 30 June 2016 and increasing uncertainty that briquetting technology could be successfully applied to convert low ash coal fines into higher-value stoker coal led to a further impairment charge of $16,284,000 being raised against the carrying value of the exploration assets, capitalised development costs and property, plant and equipment of the coal mining CGU. The allocation of the impairment charge to exploration assets and classes of property plant and equipment is set out in note 15 and note 14 respectively. The assets of the coal mining CGU now have a carrying value of $25,000,000.

The recoverable amount of a CGU is determined based on the higher of value-in-use calculations and fair value less costs to sell calculations. The recoverable amounts determined in the internal management valuations as at 31 December 2015 ($41,700,000) and 30 June 2016 ($26,056,000) were based on fair value less costs to sell calculations using discounted cash flow forecasts consistent with mining plans and are classified as a level 3 fair value.

The cash flow projections were based on actual sales prices achieved in the year to 30 June 2016 in accordance with existing contracts and internal forecasts of market prices. Sales volumes were estimated to ramp-up in coming years to levels approximately 60% higher than in FY2016. Forecast unit costs of production and wash plant yields were as experienced in FY2016. Estimated future cash flows were converted into AUD from USD at an exchange rate of $0.74 discounted at a rate of 11.7% pa post-tax, real (compared with 9% used at the last review at June 2015).

In early September 2016, coal production operations were suspended so that additional infill drilling, exploration and mine planning activities can be conducted to reduce the risk of adverse geological conditions and unmapped mine workings impacting future mining and production. The cash flow projections are based on mining operations recommencing in January 2017.

Further details of the coal mining CGU can be found in note 3(a)(iii).

NOTE 17. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2016 $'000	2015 $'000
Trade creditors	**5,358**	7,441
Other creditors	**1,983**	1,732
Accrued license fee	**4,492**	3,792
Deferred income – government grant	**435**	435
Deferred income – rental income	**7**	7
	12,275	13,407

(a) RISK EXPOSURE

Information about the Group's exposure to foreign exchange risk is provided in note 2(a)(i).

NOTE 18. CURRENT AND NON-CURRENT LIABILITIES – PROVISIONS

	2016 $'000	2015 $'000
Current liability		
Make good provisions (a)	**-**	39
Onerous lease provision (a)	**100**	-
Employee provisions (b)	**252**	-
Reclamation provision (c)	**963**	2,006
	1,315	2,045
Non-current liability		
Employee provisions (b)	**119**	724
Reclamation provision (c)	**1,684**	-
	1,803	724

Movement in provisions $'000

	Employee	Make good	Onerous lease	Reclamation	Total
Carrying value at the start of the year	724	39	-	2,006	2,769
Additional provision raised	419	-	100	1,298	1,817
Amounts used	(766)	-	-	(788)	(1,554)
Unused amounts reversed	(6)	(40)	-	-	(46)
Unwinding of discount	-	1	-	74	75
Exchange differences	-	-	-	57	57
Carrying value at the end of the year	371	-	100	2,647	3,118

(a) MAKE GOOD AND ONEROUS LEASE PROVISIONS

Under the terms of the lease for its Sydney office, White Energy was required to restore the leased premises to its original condition at the end of the lease term. A provision had been recognised in prior periods for the present value of estimated expenditure required to "make good" the premises. During the year, the Company vacated the Sydney premises and has reached agreement to assign the lease to another party who will now assume the make-good obligation. The make good provision has been released as at 30 June 2016.

The new lessee will assume all of the lease obligations from 1 October 2016. White Energy has raised a provision for the lease costs it will be obliged to pay up until that time and for other obligations arising from the lease assignment.

(b) EMPLOYEE PROVISIONS

The provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where the employees are entitled to pro-rata payments in certain circumstances.

In the current period, the Company has asked employees to reduce leave balances and expects all annual leave to be taken within 12 months of the respective service being provided. Annual leave obligations are now classified as short-term employee benefits in their entirety.

(c) RECLAMATION PROVISION

The Company recognises a reclamation provision for the expected costs of reclamation at mining properties where the Company is legally responsible for such reclamation costs. Reclamation provisions arise from the Company's obligations to undertake site reclamation and remediation in connection with the ongoing operations, exploration and development of mineral properties. The Company recognises the estimated reclamation costs when environmental disturbance occurs but only when a responsible estimate of the estimated reclamation costs can be made.

The reclamation provision is initially recorded based on present value techniques. The offsetting reclamation cost asset is added to mineral properties within property, plant and equipment and depreciated over the estimated life of the mine.

NOTE 19. CURRENT AND NON-CURRENT LIABILITIES – OTHER PAYABLES

	2016 $'000	2015 $'000
Current liability		
Lease liability (b)	**58**	-
Loans from shareholders - Black River(c)	**20,389**	-
Accrued interest on shareholder loans - Black River (c)	**2,841**	-
Total current liability	**23,288**	-
Non-current liability		
Deferred income – government grant (a)	**761**	1,196
Lease liability (b)	**121**	-
Loans from shareholders – Black River (c)	**37,844**	48,078
Accrued interest on shareholder loans – Black River (c)	**4,006**	3,630
	42,732	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) LEASE LIABILITY

The Group leases plant and equipment with a carrying amount of $628,041 (2015: nil) under finance leases expiring within three years. Commitments in relation to finance leases are payable as follows:

	2016 $'000	2015 $'000
Not later than one year – (current liability)	**58**	-
Later than one year and not later than five years - (non-current liability)	**121**	-
Minimum lease payments – recognised as liability	**179**	-

The present value of finance lease liabilities is the aggregate of minimum lease payments above as the leases are interest-free. Ownership of the equipment passes to the Group at the end of the lease.

(c) LOANS FROM SHAREHOLDERS

White Energy and the minority shareholder in its River Energy and Mountainside Coal Company operations have jointly funded those businesses through shareholder loans. The amounts disclosed in the Group's financial statements as loans from shareholders are the amounts contributed by the minority shareholder which attract interest and are due for repayment by the relevant Group subsidiary at future dates in accordance with the terms of the relevant shareholder loan agreements. The loans are not secured.

In accordance with the repayment terms which existed at balance date, any amounts due for repayment within one year of the reporting date are disclosed in the "current" category.

Subsequent to the reporting date, amending agreements were executed, changing the repayment terms of the loans payable to minority shareholders. As a result, no loan amounts, or accrued interest are required to be paid within one year of the reporting date. Had these amending agreements been executed prior to balance date, shareholder loans of $20,389,000 and $2,841,000 accrued interest would have been classified as "non-current liabilities" rather than "current liabilities".

NOTE 20. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Exploration assets recognised on the acquisition of South Australian Coal Limited (a)	**1,597**	6,127
Property, plant and equipment – MCC (b)	**3,460**	4,729
Other capitalised exploration assets	**1,400**	1,390
	6,457	12,246
Set-off of deferred tax assets pursuant to set-off provisions (note 13)	**(6,457)**	(12,246)
Net deferred tax liabilities	**-**	-
Deferred tax liabilities expected to be settled after more than 12 months	**6,457**	12,246
	6,457	12,246
Movement in deferred tax liabilities		
At start of the year	**12,246**	13,068
Charged / (credited) to profit or loss:		
Exploration assets recognised on the acquisition of South Australian Coal Limited	**(4,530)**	-
Property, plant and equipment - MCC	**(1,268)**	(820)
Other capitalised exploration assets	**9**	(2)
At end of the year	**6,457**	(12,246)

(a) SOUTH AUSTRALIAN COAL LIMITED - SAC

Deferred tax liabilities have arisen in respect of temporary differences between the accounting base and tax base of exploration assets. When the exploration assets are amortised for accounting purposes, the accounting depreciation is added back as a temporary difference in the income tax calculations reducing the deferred tax liability. The deferred tax liability recognised is not expected to result in the payment of income taxes.

(b) PROPERTY, PLANT AND EQUIPMENT – MCC

Deferred tax liabilities have arisen in respect of temporary differences between the accounting base and tax base of the property, plant and equipment held at MCC. When the property, plant and equipment is depreciated for accounting purposes, the accounting depreciation is added back as a temporary difference in the income tax calculations reducing the deferred tax liability. The deferred tax liability recognised is not expected to result in the payment of income taxes.

NOTE 21. CONTRIBUTED EQUITY

	2016 $'000	2015 $'000
Share capital		
Fully paid ordinary shares (a)	**493,476**	493,476
Total contributed equity	**493,476**	493,476

(a) FULLY PAID ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

Subject to any rights or restrictions attached to any class of shares, at a meeting of shareholders each shareholder is entitled to vote, may vote in person, or by proxy or attorney or, being a corporation, by representative duly authorised under the *Corporations Act 2001*, and has one vote on a show of hands and one vote per fully paid share on a poll.

(b) MOVEMENTS IN ORDINARY SHARE CAPITAL

Date	Details	Notes	Number of shares	$'000
1 July 2014	Opening balance		322,974,494	490,938
7 July 2014	Conversion of performance rights	(i)	5,400,000	2,538
30 June 2015	Closing balance		328,374,494	493,476
30 June 2016	Closing balance		328,374,494	493,476

(i) Ordinary shares

New shares were issued during the previous financial year on conversion of the Performance Rights held by senior management. Refer to note 33 for further details.

(c) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to maintain a low cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders or issue new shares.

NOTE 22. RESERVES AND ACCUMULATED LOSSES

(a) RESERVES

	2016 $'000	2015 $'000
Reserves		
Share based payment (i)	**6,704**	6,852
Foreign currency translation (ii)	**(19,201)**	(20,161)
	(12,497)	(13,309)

Movements:

	2016 $'000	2015 $'000
(i) Share based payments reserve		
Balance at start of the year	**6,852**	9,242
Options expense	**-**	148
Options exercised	**-**	(2,538)
Options expense write back	**(148)**	-
Balance at end of the year	**6,704**	6,852
(ii) Foreign currency translation reserve		
Balance at start of the year	**(20,161)**	(19,995)
Currency translation differences arising during the year	**960**	(166)
Balance at end of the year	**(19,201)**	(20,161)

(b) ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	**(372,222)**	(344,386)
Profit/(loss) attributable to members of White Energy	**(56,682)**	(27,836)
Accumulated losses at the end of the financial year	**(428,904)**	(372,222)

(c) NATURE AND PURPOSE OF RESERVES

(i) Share based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised. The share-based payments reserve does not include the fair value of options and performance rights which have lapsed as a result of a non-market related service condition not being met.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in the profit and loss portion of the statement of comprehensive income when the investment is disposed of.

NOTE 23. NON-CONTROLLING INTERESTS

	2016 $'000	2015 $'000
Interests in:		
Share capital	**9,071**	9,071
Reserves	**842**	725
Accumulated losses	**(44,969)**	(16,403)
	(35,056)	(6,607)

NOTE 24. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable to the auditor of White Energy Company Limited and its related practices and non-related audit firms:

	2016 $	2015 $
(a) PWC AUSTRALIA		
Audit and other assurance services		
Audit and review of financial statements	**394,881**	364,144
Total remuneration for audit and other assurance services	**394,881**	364,144
Taxation services		
- Tax compliance services	**13,850**	28,972
Total remuneration for taxation services	**13,850**	28,972
Total remuneration of PwC Australia	**408,731**	393,116
(b) NETWORK FIRMS PWC AUSTRALIA		
Audit and other assurance services		
Audit and review of financial statements	**122,387**	407,938
Total remuneration for audit and other assurance services	**122,387**	407,938
Taxation services		
- Tax compliance services	**93,240**	46,590
Total remuneration of related practices of PwC Australia	**215,627**	454,528
Total auditor's remuneration	**624,358**	**847,644**

It is the Group's policy to employ PwC on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PwC is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

NOTE 25. COMMITMENTS AND CONTINGENCIES

In order to maintain an interest in the mining and exploration tenements in which the Group is involved, the Group is committed to meeting the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required by the relevant state department of Minerals and Energy, and may vary significantly from the forecast minimum expenditure commitments based upon the results of the work performed which will determine the prospectively of the relevant area of interest.

(a) EXPLORATION WORK

The original license for EL4534 expired on 8 August 2015 and was extended for a further five years as EL5719 on 11 April 2016 by White Energy's wholly-owned subsidiary, South Australian Coal Limited (SAC).

Under the terms of exploration license EL5719, SAC has certain obligations to perform minimum exploration work and incur minimum expenditure of $2,317,000 on the area by 8 August 2020.

The Antakirinja Matu-Yankunytjatjara people in 2011 became recognised as a native title holder over the area on which EL5719 is situated and has an agreement with SAC which authorises certain exploration activities by reference to the mining authorities which preceded the current tenements. The court decision recognised the Antakirinja Matu-Yankunytjatjara people's non-exclusive rights to hunt, fish, live, camp, gather and use the natural resources, undertake cultural activities including relating to births and deaths, conduct ceremonies and meetings, and protect places of cultural and religious significance on the land.

Native title claims may limit the ability of SAC and others to explore and develop an area including the SAC tenements. An Aboriginal site covering a small area of EL5719 is listed in the Register of Aboriginal Sites and Objects. Pursuant to the Aboriginal Heritage Act 1988 (SA), it is an offence to damage, disturb or interfere with any Aboriginal site or Aboriginal object without the authority of the Minister for Environment and Heritage.

SAC has an ongoing agreement in place with the Antakirinja Matu-Yankunytjatjara people to conduct cultural heritage clearances prior to and after the completion of any exploration work conducted.

EL5719 is located in the Woomera Prohibited Area (WPA) which has been declared a prohibited area under Part VII of the Defence Force Regulations 1952 (Cth) and is used for the testing of war material. SAC has signed a Deed of Access agreement with the Department of Defence (DOD) to enter all of EL5719 which expires on 15 February 2018. In the agreement the DOD reserves the right to exclude SAC from approximately 45% and 55% of the tenement area during nominated times, for a maximum period of 70 and 56 days respectively, each year. SAC continues to have open and ongoing discussions with the DOD and the South Australian government to ensure minimal disturbance to its business activities in relation to EL5719.

(b) CONTINGENCIES – KSC LEGAL DISPUTE

White Energy's wholly owned subsidiaries, Binderless Coal Briquetting Company Pty Ltd (BCBC) and BCBC Singapore Pte Ltd (BCBCS), are currently engaged in legal proceedings against PT Bayan Resources Tbk and Bayan International Pte Ltd (Bayan) in the Singapore International Commercial Court. The proceedings relate to various disputed matters arising from a company which was jointly owned by BCBCS and Bayan, which owned and operated the Tabang coal upgrade plant located at Bayan's Tabang mine in East Kalimantan, Indonesia.

As a result of the SICC dismissing Bayan's counterclaim against BCBCS and BCBC in April 2016, there are no longer any claims outstanding against the White Energy Group from these proceedings. However, if BCBCS were to be unsuccessful in the future proceedings, the Group may be liable for costs should the Court ultimately decide to award costs against BCBCS and BCBC.

The second tranche of the proceedings is scheduled to be heard by the SICC in early 2017. White Energy continues to fund the legal costs relating to these ongoing proceedings, although the quantum of these future costs cannot be reliably estimated.

(c) 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 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 financial report.

(d) LEASE COMMITMENTS – GROUP AS LESSEE

Non-cancellable operating leases

The Group leases various offices and plant and equipment under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

	2016 $'000	2015 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**3,244**	3,051
Later than one year but not later than five years	**6,476**	9,175
Later than five years	**1,333**	896
	11,053	13,122

The future non-cancellable operating lease payments above do not include lease payments in respect of the Company's lease of its Sydney office as a provision has been raised for future costs as set out in note 18(a).

(e) CONTINGENT LIABILITIES – GUARANTEES

The Group had contingent liabilities at 30 June 2016 in respect of guarantees provided to third parties. For information about guarantees given by the Group refer to note 26 (f).

NOTE 26. RELATED PARTY TRANSACTIONS

(a) PARENT ENTITIES

The Parent Entity within the Group is White Energy Company Limited.

(b) SUBSIDIARIES

Interests in principal subsidiaries are set out in note 27.

(c) KEY MANAGEMENT PERSONNEL COMPENSATION

	2016	2015
	$	$
Short term employee benefits	**2,704,611**	3,397,513
Post employment benefits	**201,660**	273,600
Share based payments	**(148,084)**	148,084
Total	**2,758,187**	3,819,197

Detailed remuneration disclosures are provided in sections 1-7 of the remuneration report on pages 23 to 31.

(d) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In addition to his Non-executive Directors' fees, $140,000 (2015: $60,000) was paid by the Company to a company controlled by a Director, Mr T Crawford in respect of his assistance with the ongoing litigation against PT Bayan Resources Tbk.

During the year ended 30 June 2016, employee benefits of $173,665 (2015: $109,455) were paid to Andromeda Neale, who is related to Travers Duncan, the Chairman of White Energy.

Travers Duncan, the Chairman of White Energy, leased commercial office space from White Energy in the Company's Sydney head office up until March 2016, and also reimburses the Company for some part-time secretarial work conducted for his private company, Gaffwick Pty Ltd. This arrangement is based on normal commercial terms and conditions and at the prevailing market rate.

Brian Flannery, the Managing Director of White Energy, leases some commercial office space from White Energy in the Company's Brisbane office, and also reimburses the Company for some part-time secretarial work conducted for his private companies, Illwella Pty Ltd and KTQ Developments Pty Ltd. This arrangement is based on normal commercial terms and conditions and at the prevailing market rate.

(e) LOANS FROM RELATED PARTIES

	2016	2015
Loans from Black River	**$'000**	$'000
Beginning of the year	**51,708**	23,592
Loans advanced	**8,512**	20,528
Interest charged	**3,154**	2,242
Exchange rate movement	**1,706**	5,346
End of the year	**65,080**	51,708

There were no loans provided to Key Management Personnel during the year.

(f) GUARANTEES

White Energy has provided guarantees in respect of property bonds amounting to $229,000 (2015: $229,000).

NOTE 27. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries in accordance with the accounting policy described in note 1(b). The Group's principal subsidiaries at 30 June 2016 are set out below:

Name of entity	Country of incorporation	Principal activities	Equity Holding[1]	
			2016 %	2015 %
Amerod Exploration Limited	Australia	Mining investment	100	100
White Energy Technology Limited	Australia	Coal technology	100	100
Binderless Coal Briquetting Company Pty Ltd	Australia	Coal technology	100	100
South Australian Coal Limited	Australia	Mining exploration	100	100
South Australian Property Pty Limited	Australia	Agricultural activities	100	100
White Energy Coal North America Inc.	USA	Coal technology	100	100
BCBC Singapore Pte Ltd	Singapore	Coal technology	100	100
River Energy JV UK Ltd	United Kingdom	Coal technology	51	51
Mountainside Coal Company Inc	USA	Coal mining	51	51
River Energy JV Ltd	Mauritius	Coal technology	51	51
River Energy South Africa Pty Ltd	South Africa	Coal technology	51	51
River Energy Fine Coal Recovery Pty Ltd[2]	South Africa	Coal technology	36.3	51

(1) Each of the subsidiaries above have capital consisting solely of ordinary shares that are held directly by the Group. The equity holding is the ownership interest held by the Group. Where less than 100% of the equity is held by the Group, the balance of the equity holding is held by non-controlling interests.

(2) The Group controls River Energy Fine Coal Recovery Pty Ltd ("REFCR") as it controls the immediate parent, River Energy South Africa Pty Ltd ("RESA"). There are only two shareholders of REFCR, with RESA holding a 71.2% ownership interest and having capacity to control the composition of the REFCR board.

NOTE 28. DEED OF CROSS GUARANTEE

White Energy Company Limited, White Energy Technology Limited and its subsidiaries Binderless Coal Briquetting Company Pty Ltd, Coking BCB Pty Ltd, White Investments North America Pty Ltd and White Manufacturing Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a Financial Report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by White Energy Company Limited, they also represent the 'Extended Closed Group'.

STATEMENT OF COMPREHENSIVE INCOME AND A SUMMARY OF MOVEMENTS IN ACCUMULATED LOSSES

Set out below is the statement of comprehensive income, a summary of movements in accumulated losses for the year ended 30 June 2016 and balance sheet of the Closed Group consisting of White Energy Company Limited, White Energy Technology Limited and its subsidiaries Binderless Coal Briquetting Company Pty Ltd, Coking BCB Pty Ltd, White Investments North America Pty Ltd and White Manufacturing Pty Ltd.

(a) STATEMENT OF COMPREHENSIVE INCOME (CLOSED GROUP)

	2016 $'000	2015 $'000
Revenue	**8,580**	11,319
Gain/(loss) on foreign exchange	**(292)**	199
Accounting, audit and tax fees	**(287)**	(366)
Employee benefits expense	**(5,403)**	(7,431)
Depreciation and amortisation expense	**(5,650)**	(5,626)
Finance costs	**(15)**	-
External advisory fees	**(5,010)**	(3,613)
Occupancy expenses	**(569)**	(529)
Travel	**(416)**	(480)
Plant operating costs	**(476)**	(673)
Other expenses	**(1,429)**	(10,686)
Impairment expense	**(64,188)**	(28,356)
Loss before income tax	**(75,155)**	(46,242)
Income tax expense	**-**	-
Loss for the year	**(75,155)**	(46,242)
Other comprehensive income		
Exchange differences on translation of foreign operations	**7,355**	33,984
Total comprehensive loss for the year	**(67,800)**	(12,258)

(b) STATEMENT OF CHANGES IN EQUITY (CLOSED GROUP)

	Contributed equity $000's	Reserves $000's	Accumulated losses $000's	Total $000's
Balance at 1 July 2014	**415,862**	**(17,215)**	**(254,912)**	**143,735**
Loss for the year	-	-	(46,242)	(46,242)
Other comprehensive income	-	33,984	-	33,984
Total comprehensive income/ (loss) for the year	**-**	**33,984**	**(46,242)**	**(12,258)**
Contributions of equity, net of transaction costs	2,538	-	-	2,538
Share based payments	-	148	-	148
Balance at 30 June 2015	**418,400**	**16,917**	**(301,154)**	**134,163**
Loss for the year	-	-	(75,155)	(75,155)
Other comprehensive income	-	7,355	-	7,355
Total comprehensive income/ (loss) for the year	**-**	**7,355**	**(75,155)**	**(67,800)**
Share based payments	-	(148)	-	(148)
Balance at 30 June 2016	**418,400**	**24,124**	**(376,309)**	**66,215**

(c) BALANCE SHEET

Set out below is the balance sheet as at 30 June 2016 of the Closed Group consisting of White Energy Company Limited, White Energy Technology Limited and its subsidiaries Binderless Coal Briquetting Company Pty Ltd and Coking BCB Pty Ltd, White Investments North America Pty Ltd and White Manufacturing Pty Ltd.

	2016 $'000	2015 $'000
CURRENT ASSETS		
Cash and cash equivalents	**5,073**	23,704
Trade and other receivables	**17,293**	14,542
Total current assets	**22,366**	38,246
NON CURRENT ASSETS		
Trade and other receivables	**34,920**	82,363
Other financial assets	**3**	3
Property, plant and equipment	**9,293**	11,096
Intangible assets	**27,016**	30,863
Total non current assets	**71,232**	124,325
Total assets	**93,598**	162,571
CURRENT LIABILITIES		
Trade and other payables	**8,852**	8,055
Provisions	**352**	39
Total current liabilities	**9,204**	8,094
NON-CURRENT LIABILITIES		
Other payables	**18,060**	19,590
Provisions	**119**	724
Total non-current liabilities	**18,179**	20,314
Total liabilities	**27,383**	28,408
Net assets	**66,215**	134,163
Equity		
Contributed equity	**418,400**	418,400
Reserves	**24,124**	16,917
Accumulated losses	**(376,309)**	(301,154)
Total equity	**66,215**	134,163

NOTE 29. DISCONTINUED OPERATION

In June 2016 the Company called for registrations of interest for the sale its pastoral property, Ingomar Station located in South Australia. A sale agreement was executed in early August and the sale settled on 2 September 2016. The assets associated with the property have been presented as held for sale as at 30 June 2016 (Refer note 11). Financial information relating to the discontinued operation for the period is set out below:

FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

	2016 $'000	2015 $'000
Revenue	**1,977**	1,328
Other income – fair value gains	**718**	1,044
Cost of goods sold - livestock	**(1,328)**	(533)
Occupancy expenses	**(155)**	(54)
Depreciation expenses	**(126)**	(123)
External advisory fees	**(80)**	(46)
Travel expenses	**(7)**	(7)
Other operating expenses	**(669)**	(639)
Profit before income tax	**330**	970
Income tax expense	**-**	-
Net loss from discontinued operation	**330**	970
Net cash inflows from operating activities	**847**	434
Net cash outflows from investing activities	**(149)**	(91)
Net increase in cash generated by discontinued operation	**698**	343

NOTE 30. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) SALE OF PASTORAL PROPERTY : INGOMAR STATION

On 2 September 2016, the Group disposed of its pastoral property, Ingomar Station realising net proceeds of $6,320,000. No gain or loss on disposal is expected to be recognised as the carrying value of the assets of Ingomar Station were recorded at this value in the Balance Sheet at 30 June 2016.

(b) SUSPENSION OF PRODUCTION AT MOUNTAINSIDE COAL COMPANY

In early September 2016, coal production operations at the Group's coal mines in Kentucky, USA were suspended while additional infill drilling, exploration and mine planning activities are conducted to reduce the risk of adverse geological conditions and unmapped mine workings impacting future mining and production.

(c) EXTENSION OF REPAYMENT DATES FOR SHAREHOLDER LOANS

In late September 2016, amendment agreements for loans owing to minority shareholders were executed, extending the due date for repayment of the loans and accrued interest to January 2019. As a result, no loan amounts, or accrued interest are required to be paid within one year of the reporting date. Had these amending agreements been executed prior to balance date, shareholder loans of $20,389,000 and $2,841,000 of accrued interest would have been classified as "non-current liabilities" rather than "current liabilities".

No other matters or circumstances have arisen since 30 June 2016 that significantly affect, or may significantly affect:

(a) the Group's operations in future financial years, or

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

(c) the Group's state of affairs in future financial years.

NOTE 31. CASH FLOW INFORMATION

(a) RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2016 $'000	2015 $'000
NET LOSS FOR THE YEAR AFTER TAX	**(85,248)**	(39,256)
Depreciation and amortisation expense	**13,536**	10,730
Impairment expense	**42,027**	4,956
Non cash employee benefits expense - share based payments	**(148)**	148
Net exchange differences	**258**	122
Non cash income – deferred income	**(435)**	(435)
Fair value gain on the revaluation of livestock	**(718)**	(1,044)
Finance costs	**3,714**	1,640
Gain on sale of property, plant and equipment	**(45)**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity		
(Increase)/ decrease in prepayments	**(333)**	360
Decrease in trade and other receivables	**2,440**	340
Decrease/ (increase) in inventories	**2,784**	(3,084)
Decrease/ (increase) in livestock	**1,108**	(640)
Increase in restricted cash	**(1,737)**	(2,772)
(Decrease)/ increase in trade and other payables	**(1,364)**	1,400
Decrease in provisions	**(1,080)**	(66)
Decrease in deferred tax liabilities	**-**	(2,776)
Net cash outflow from operating activities	**(25,241)**	(30,377)

(d) NON-CASH INVESTING AND FINANCING ACTIVITIES

During the year, the Company acquired plant and equipment at a cost of $837,000 (2015 : nil) by way of finance lease (note 19(b)) after trading-in plant and equipment with a book value of $566,000.

NOTE 32. EARNINGS PER SHARE

(a) BASIC AND DILUTED EARNINGS PER SHARE

	2016 Cents	2015 Cents
Basic and diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company	**(17.26)**	(8.48)

(b) RECONCILIATIONS OF LOSS USED IN CALCULATING EARNINGS PER SHARE

	2016 $'000	2015 $'000
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	**(56,682)**	(27,836)

(c) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	2016	2015
Weighted average number of ordinary shares and potential ordinary shares used as a denominator in calculating basic and diluted loss per share	**328,374,494**	328,270,932

(d) INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

As there are no amounts unpaid on ordinary shares or any reduction arising from the exercise of options outstanding during the financial year, no adjustment is necessary in the determination of diluted loss per share.

NOTE 33. SHARE BASED PAYMENTS

(a) EXECUTIVE RETENTION PLAN

The White Energy Executive Retention Plan was approved by shareholders at the 2011 Annual General Meeting.

The plan was designed to provide for the grant of performance shares to eligible employees, which may vest subject to the satisfaction of performance, service or other vesting conditions imposed at the time of grant.

All performance shares vested in July 2014 and were converted into ordinary shares at that time.

There were no performance shares on issue during the year ended 30 June 2016.

Set out below is a summary of movements of performance shares in the year ended 30 June 2015, previously granted under the plan:

Grant date	Expiry date	Balance at the start of the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2015						
30/11/2011	30/6/2014	5,400,000	(5,400,000)	-	-	-
Total		**5,400,000**	**(5,400,000)**	**-**	**-**	**-**

(b) LONG TERM INCENTIVE PLAN

The Company's Long Term Incentive Plan (LTIP) for key employees of the Company was approved by shareholders at the 2014 Annual General Meeting. The key terms of the LTIP are:

- the Board may in its absolute discretion determine which eligible employees will be invited to participate in a grant of Performance Rights or Options (Incentive Securities), which may vest subject to the satisfaction of performance, service or other vesting conditions imposed at the time of grant;
- on vesting (and exercise, in the case of Options), participants will become entitled to fully paid ordinary shares in the Company. The Board can decide whether to purchase Shares on-market or issue new Shares for the purposes of the LTIP or provide the cash equivalent value of one Share in the Company to the participant (if provided-for under the terms of the grant);
- Incentive Securities may lapse in certain circumstances, including if the participant's employment is terminated for certain acts or the participant acts fraudulently or dishonestly, engages in gross misconduct or is in breach of their obligations to the Company;
- if in the Board's opinion, Incentive Securities vest as a result of the fraud, dishonesty or breach of obligations by the participant or another person, or if there is a material misstatement or omission in the financial statements of a Group company, the Board may determine any treatment in relation to the Incentive Securities (or Shares received on vesting) to ensure no unfair benefit is obtained by the participant;
- where a participant ceases employment in other circumstances, the Incentive Securities will remain 'on foot', subject to the Board's discretion to determine that some or all of the unvested Incentive Securities lapse or vest on cessation;
- Incentive Securities may not be traded or hedged, and the Board may impose restrictions on dealing of Shares allocated on vesting of Incentive Securities;
- any Shares issued under the LTIP will rank equally with those traded on the ASX at the time of issue;
- in the event of a takeover bid, scheme of arrangement or similar transaction, the Board may determine whether any or all unvested Incentive Securities vest, having regard to such factors as the Board considers relevant, including performance against the applicable performance conditions; and
- in the event of any capital reorganisation, Incentive Securities may be adjusted having regard to the ASX Listing Rules and on the basis that participants do not receive any advantage or disadvantage from such an adjustment.

Set out below is the summary of the options granted under the plan:

The number of options in the Company held during the financial year by Directors' of White Energy and other Key Management Personnel of the Group, is set out below.

Grant date	Expiry date	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2016							
8/12/2014	8/12/2020	6,000,000	-	-	-	6,000,000	-
Total		**6,000,000**	**-**	**-**	**-**	**6,000,000**	**-**

Grant date	Expiry date	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2015							
8/12/2014	8/12/2020	-	6,000,000	-	-	6,000,000	-
Total		**-**	**6,000,000**	**-**	**-**	**6,000,000**	**-**

Fair value of options granted

The fair value of the options has been determined using the Black Scholes valuation methodology based on the issue date of the options being 8 December 2014.

NOTE 34. PARENT ENTITY FINANCIAL INFORMATION

(a) SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate information:

Balance sheet	**2016 $'000**	2015 $'000
Current assets	**5,980**	24,573
Total assets	**83,458**	166,454
Current liabilities	**2,712**	2,119
Total liabilities	**2,831**	2,842
Shareholders' equity		
Issued capital	**418,397**	418,397
Share-based payments	**6,705**	6,853
Retained earnings	**(344,475)**	(261,638)
Total shareholder's equity	**80,627**	163,612
Loss for the year after tax	**(82,837)**	(25,155)
Total comprehensive loss for the year	**(82,837)**	(25,155)

(b) GUARANTEES ENTERED INTO BY THE PARENT ENTITY

The Parent Entity has provided bank guarantees as security for property bonds in the amount of $229,000 (2015: $229,000). No liability was recognised by the Parent Entity or the Group in relation to these guarantees.

(c) CONTINGENT LIABILITIES OF THE PARENT ENTITY

The Parent Entity had contingent liabilities at 30 June 2016 in respect of Indemnity and insurance claims. For information about the indemnity and insurance claims by the Parent Entity refer to note 25 (c).

(d) CONTRACTUAL COMMITMENTS

As at 30 June 2016 the Parent Entity, rented office premises in Sydney and Brisbane under non-cancellable operating leases expiring within one to five years.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 34 to 85 are in accordance with the Corporations Act 2001, including:

1. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
2. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended Closed Group identified in note 28 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 28.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

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

Brian Flannery
Managing Director
Brisbane
29 September 2016

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

Report on the financial report

We have audited the accompanying financial report of White Energy Company Limited (the company), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other 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 at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 (a)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

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Auditor's opinion

In our opinion:

(a) the financial report of White Energy Company Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a)(i)

Emphasis of Matter Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 1(a) in the financial report, which indicates that the consolidated entity incurred a total comprehensive loss of $84,171,000 and a net cash outflow from operating activities of $25,241,000 during the year and will require additional funding to meet the consolidated entity's forecast expenditure within twelve months of the date of this report. These conditions, along with other matters set forth in Note 1(a)(v), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 23 to 31 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of White Energy Company Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

N R McConnell

N R McConnell
Partner

Sydney
29 September 2016

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 4 October 2016.

(a) DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares[1]		Options[2]	
	Holders	Securities	Holders	Securities
1-1,000	3,412	670,717	-	-
1,001-5,000	794	2,059,646	-	-
5,001-10,000	287	2,243,667	-	-
10,001-100,000	407	12,402,683	-	-
100,001 & Over	109	310,997,781	1	6,000,000
	5,009	328,374,494	1	6,000,000

1. There were 4,337 holders of less than a marketable parcel of ordinary shares.
2. Options:

Expiry date	Exercise Price	Number of Options
8 December 2020	$0.50	6,000,000

The following vesting and performance conditions apply:
(i) Option holder is required to remain an employee of the Company or its subsidiaries for a continuous three year period from 1 July 2014 to 30 June 2017 inclusive; and
(ii) the Company must have positive EBITDA in each of the 2015/16 and 2016/17 financial years.
If the above conditions are met, the options will vest, otherwise the options will lapse.

(b) SUBSTANTIAL SHAREHOLDERS

Name **	Number held	Percentage
M&G Investment Funds	58,878,691	17.93%
Gaffwick Pty Ltd	31,948,461	9.73%
Ganra Pty Ltd	30,355,118	9.24%
JA Kinghorn & Co PL atf The Kinghorn Family Trust	20,000,000	6.33%

** based on last form 604 'Notice of Change of Interests of Substantial Shareholder' lodged with the Australian Securities and Investments Commission.

(c) RESTRICTED SECURITIES

At 30 June 2016, the Company does not have any restricted securities on issue.

(d) EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	63,141,510	19.23
J P MORGAN NOMINEES AUSTRALIA LIMITED	41,265,945	12.57
GAFFWICK PTY LTD	27,219,702	8.29
CITICORP NOMINEES PTY LIMITED	20,169,875	6.14
GANRA PTY LTD	13,114,286	3.99
NATIONAL NOMINEES LIMITED	11,333,320	3.45
GANRA PTY LTD <THE FLANNERY FAMILY A/C>	10,000,000	3.05
J A KINGHORN & CO PTY LIMITED <THE KINGHORN FAMILY A/C>	10,000,000	3.05
J A KINGHORN & CO PTY LTD	10,000,000	3.05
AMCI WORLDWIDE LIMITED	7,648,190	2.33
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	7,119,517	2.17
BIMOSA PTY LTD	6,482,234	1.97
GAFFWICK PTY LTD	4,031,764	1.23
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,005,852	1.22
REMOND HOLDINGS PTY LIMITED <DEFINA A/C>	4,002,431	1.22
ILWELLA PTY LTD	3,964,626	1.21
RIVERBEND INVESTMENTS PTY LTD <THE JACK HENRY A/C>	3,520,935	1.07
MCNEIL NOMINEES PTY LIMITED	3,500,000	1.07
FIBORA PTY LTD	3,397,123	1.03
REMOND HOLDINGS PTY LIMITED <DEFINA A/C>	3,278,816	1.00
	257,196,126	**78.32**

Unquoted equity securities	Options
Number on issue	6,000,000
Number of holders	1
Options expiry date	8 December 2020
Options exercise price	$0.50

(e) VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(i) Ordinary shares:

Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders each shareholder entitled to vote may vote in person or by proxy or attorney or, being a corporation, by representative duly authorised under the Corporations Law, and has one vote on a show of hands and one vote per fully paid share on a poll.

(ii) Options:

No voting rights.

(f) EXCHANGES ON WHICH THE COMPANY'S SECURITIES ARE QUOTED

White Energy securities are quoted on the following exchanges:

ASX under the code WEC.

OTCQX under the code WECFY.

(g) INTERESTS IN MINING TENEMENTS

Below is a listing of the Company's interest in mining tenements, where they are situated and the percentage interest the Company holds in each.

The Company's subsidiary, Mountainside Coal Company Inc, holds a 100% interest in the following coal permits all of which are located in Kentucky U.S.A:

Permit	Locality	Licensee	Interest
861-0537	Hubbs Creek – Kentucky	Mountainside Coal Company Inc.	100%
861-5357	Washer – Kentucky	Mountainside Coal Company Inc.	100%
918-0450	Buffalo Creek - Kentucky	Mountainside Coal Company Inc.	100%
918-0464	Round Mountain – Kentucky	Mountainside Coal Company Inc.	100%
918-0465	Flag Ridge – Kentucky	Mountainside Coal Company Inc.	100%
918-0466	Hatfield Gap – Kentucky	Mountainside Coal Company Inc.	100%
918-0467	Jellico Creek – Kentucky	Mountainside Coal Company Inc.	100%
861-0528	Flat Creek - Kentucky	Mountainside Coal Company Inc.	100%
861-0543	Hubbs Hollow - Kentucky	Mountainside Coal Company Inc.	100%

The Company's wholly owned subsidiary, SAC, holds a 100% interest in the following mining tenements and retention leases all of which are located near Coober Pedy, South Australia:

- EL5719;
- RL100; and
- RL104

The total JORC coal resources of EL5719 is estimated at 1,130.4 million tonnes based on the 2011 drilling program as certified in March 2012.

	JORC Resources Estimate – 31 December 2011			
	Measured	Indicated	Inferred	Total
	Mt	Mt	Mt	Mt
Main Basin	11.5	155.6	583.0	750.1
West Basin	0.0	189.2	191.2	380.3
Total	**11.5**	**344.8**	**774.2**	**1,130.4**

There has been no change to the total JORC coal resource estimate for EL5719 / (EL4534) since March 2012.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

SAC used an independent external consultant to prepare the 2004 JORC coal resource estimate.

COMPETENT PERSONS STATEMENT

The information in this Annual Report which relates to Exploration Results, Mineral Resources or Ore Reserves at EL5719, for coal, is based on information compiled by Jonathan Barber, who is a member of the Australasian Institute of Mining and Metallurgy. Jonathan Barber is an employee of Jon Barber Mining Consultants Pty Ltd and has been engaged as a consultant to South Australian Coal Limited. Jonathan Barber has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined is the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Jonathan Barber consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.

CORPORATE DIRECTORY

DIRECTORS	Travers Duncan CHAIRMAN
	Brian Flannery MANAGING DIRECTOR
	Graham Cubbin 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
PRINCIPAL PLACE OF BUSINESS	White Energy Company Limited Level 7, 167 Eagle Street Brisbane Qld 4000
SHARE REGISTRY/PRINCIPAL REGISTER	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford, Victoria 3067 Telephone: 1300 850 505 +61 3 9415 4000 Facsimile: +61 3 9473 2500
AUDITOR	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 2000
STOCK EXCHANGE LISTING	White Energy Company Limited shares are listed on the Australian Securities Exchange (WEC) and also traded on the US based OTCQX exchange (WECFY).
WEBSITE ADDRESS	www.whiteenergyco.com

white energy company limited

www.whiteenergyco.com