white energy company limited

ANNUAL REPORT

2019/2020

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

1. COAL TECHNOLOGY

– Beneficiation and briquetting of thermal and metallurgical coal fines.

– Upgrading of sub-bituminous coal.

2. COAL MINING AND EXPLORATION

– Coal mining at Mountainside Coal.

– Exploration at Mountainside Coal and South Australian Coal.

CHAIRMAN'S LETTER

DEAR SHAREHOLDERS

I am pleased to advise that your company continues to pursue opportunities particularly in China and South Africa, to utilise our patented Binderless Coal Briquetting technology (bcb) on bituminous coal fines which due to their size, and often wet nature cannot be sold or handled as a fine coal product.

However we do not propose further work in Indonesia to upgrade their mainly high moisture sub-bituminous coal until we have completed our legal case with PT Bayan Resources Tbk and Bayan International Pte Ltd and have received just compensation for their repudiation in 2011 of our joint venture with them.

Indonesian export thermal coals are generally very high in moisture and as environmental constraints are applied in receiving countries, these coals lend themselves to upgrading using our bcb technology.

Once the court has determined the damages amount owing to us, your directors will vigorously pursue the recovery of such amount.

I thank the Directors, all staff and shareholders for their support during the past year and I recommend shareholders' approval for the resolutions to be voted on at the 2020 Annual General Meeting which will be held on the Lumi online platform due to COVID-19 restrictions on travel and gatherings.

TRAVERS DUNCAN
CHAIRMAN

RECLAMATION, MOUNTAINSIDE COAL COMPANY, KENTUCKY, USA

COAL BRIQUETTES SAMPLE LOADING FOR SHIPMENT TO SOUTH AFRICA, CESSNOCK

COAL BRIQUETTES FROM SOUTH AFRICAN COAL FINES, CESSNOCK PILOT PLANT

MANAGING DIRECTORS' REPORT

BCB COAL TECHNOLOGY

I am pleased to report that the management has continued to advance several Binderless Coal Briquetting (bcb) projects although progress has been somewhat slower than hoped due to COVID-19 restrictions affecting our key potential customers, particularly in China.

In the second half of the calendar 2019 year our engineers worked with engineers from China to install two of our briquette machines and test coals at a plant in Shandong Province. We also completed a design for a plant at a Shanxi Province coal mine. Unfortunately, due to travel restrictions work on these projects slowed considerably.

In the meantime, we have assisted with the design of a pilot scale plant using one of our briquetting machines from Cessnock. The pilot plant, also located in Shandong, is now operational and we are in the process of obtaining data on coals tested. Our engineers intend to visit there once travel restrictions are lifted.

We have also prepared a five tonne sample of briquetted tailing fines from South Africa at the Cessnock demonstration plant and transported the sample back to the client, a large power generator in South Africa. We are awaiting results of their trial burn. Again, travel restrictions are limiting our discussions with the particular client, however our partner in South Africa does have personnel in Johannesburg and continues to update us on progress.

MOUNTAINSIDE COAL COMPANY

The mining leases and coal preparation plant remain on care and maintenance and we continue to progress the sale of White Energy's 51% interest to a US company. Finalisation of a sale is contingent on our 49% partner agreeing on various protocols with the potential new owner. I expect this will reach a conclusion in the near future. Our 51% interest has a carrying value of $5.3 million on our balance sheet excluding our partner's loans.

An impairment charge of $1.7 million has been recorded against the carrying value of MCC's assets at 30 June 2020.

CORPORATE

I previously informed shareholders that the Singapore International Commercial Court (Court) had set the final Tranche 3 trial date as September 21- 30, 2020. Cross examination of witnesses from both sides is now complete. This tranche is for the Court to assess damages payable to White Energy's subsidiaries for Bayan's repudiation of the contract, which was previously ruled on by the Court. Our statement of claim for damages consists of a claim for wasted expenditure and for loss of chance to expand the project of circa US$150 million, plus interest and costs.

Written closing submissions will now be provided by both sides prior to their closing oral submissions to be heard by the Court on January 9, 2021.

Our EBITDA loss for the year of $5.5 million was an improvement over the prior year's loss of $8.5 million. A large part of our costs were litigation costs associated with the Bayan case.

I would like to thank staff and shareholders for their support throughout the year and I look forward to a successful outcome of our legal case in the new year.

BRIAN FLANNERY
MANAGING DIRECTOR

SMALL BCB PILOT PLANT, CHINA

WHITE ENERGY COAL BRIQUETTING MACHINE TESTING AT PILOT PLANT, CHINA

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."

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.

THE CESSNOCK DEMONSTRATION PLANT

51%
WHITE ENERGY INTEREST

RIVER ENERGY
SOUTH AFRICA

White Energy's 51%-owned subsidiary, River Energy JV Limited (River Energy), will continue to pursue opportunities through its 49% owner, Proterra Investment Partners, with a number of South African coal miners interested in the Group's BCB.

Extensive testing by River Energy, 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, has demonstrated that a saleable export grade coal product can be produced from South African reject tailings.

BRIQUETTES PRODUCED FROM SOUTH AFRICAN COAL FINES FOR COMBUSTION TRIALS

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.

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 resulting in a low moisture, high energy briquette with a total moisture content of 5 to 8%.

5 COOLING CONDITIONING

Cooled briquettes are placed on the open-air stockpile in preparation for transport. The briquettes continue to stabilise on the BCB product stockpile where they will reach their stable or 'equilibrium' moisture content that is considered very similar to that of natural coal.

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.

51%
WHITE ENERGY INTEREST

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 in recent years 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.

Coal production at the Flag Ridge mine has been suspended since April 2018 to allow reclamation activities to be completed at this mine.

There was no production and sales during the 2020 and the prior financial year.

Reclamation activity continues, with applications being made for bond releases as rehabilitation work in each area is completed.

The reclamation activities undertaken during the year focused on open pits being backfilled, graded and hydro-seeded. Reclamation is substantially up to date in the mined-out areas.

As a result of the lower operating costs in the USA from cost savings initiatives, the EBITDA loss of $1.5 million was less than the loss in 2019 of $2.8 million.

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 final permitting phase. MCC continues to advance the permitting process and additional leases are being sought as mine plans for new areas are progressed.

SAFETY

Safety of personnel remains a prime imperative, and a continuing emphasis was reflected in no lost time accidents in 2020 and the prior financial year.

MCC SALE

White Energy is in the process of selling its 51% interest in MCC. Negotiations to purchase White Energy's interest are continuing and being advanced to a finalisation.

RECLAMATION, MOUNTAINSIDE COAL COMPANY,
KENTUCKY, USA

COAL WASH PLANT, MOUNTAINSIDE COAL COMPANY,
KENTUCKY, USA

COAL MINING AND EXPLORATION

continued

100%
WHITE ENERGY

LAKE PHILLIPSON COAL RESOURCES

(EL5719 AND PELA674) 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 km^2 and contains an identified JORC resource of 1,130 Mt of coal.

EL5719 was in place for the 5 year period ended on 8 August 2020 and retention lease RL104 was for the same period. Applications to renew the licence and lease were submitted in May 2020 and the Government of South Australia has issued a public notice advising they intend to grant an exploration licence for five years over the area covered by EL5719.

Activities continue to analyse commercialisation options for potential mining of the EL5719 coal deposit.

DRILLING PROGRAM

A previous study by Lurgi GmbH confirmed that the Lake Phillipson coal is suitable for gasification. The activities during the year focused on examining coal gasification and emerging hydrogen opportunities from coal, and planning for future exploration.

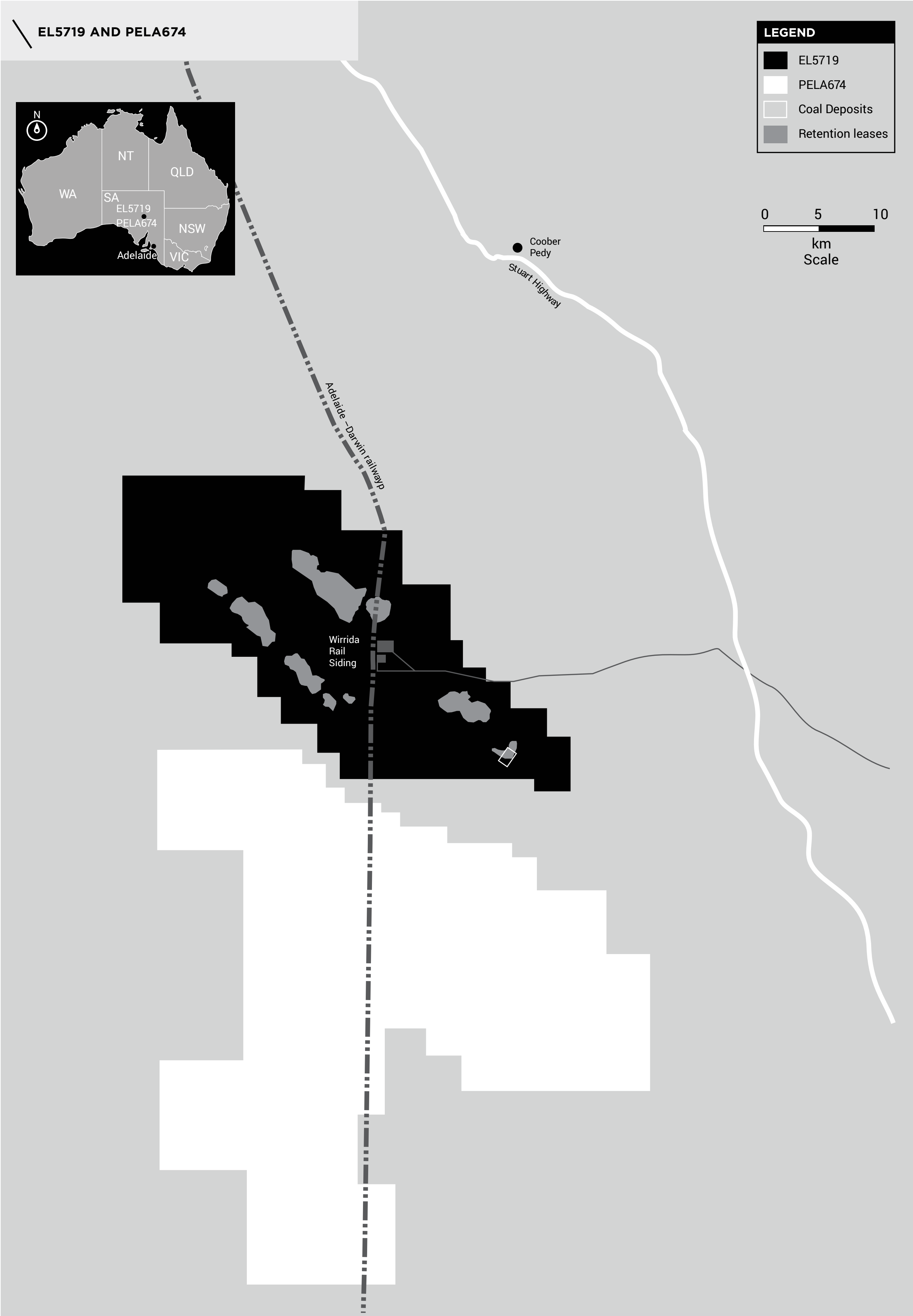
During the 2019 year Petroleum Exploration Licence Application PELA674 was applied for by White Energy Company Limited.

The licence application is for an area located in South Australia adjacent to EL5719, it covers approximately 2,500 km2 and has the potential for coal gasification opportunities.

EL5719 lies entirely within the Olympic Dam G9 Structural Corridor. Previous drilling has identified that the geology in the area is similar in age to the mineralisation in 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.

Previous activities have included exploration for iron oxide-copper-gold– uranium (IOCGU) styles of mineralisation. A gravity survey resulted in the delineation of the Arkeeta West anomaly. The geochemical analysis of basement samples did not indicate any results of significance.


EL5719 AND PELA674
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white energy company limited

ANNUAL FINANCIAL REPORT

30 June 2020

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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 2020.

DIRECTORS AND COMPANY SECRETARY

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

Travers Duncan
Brian Flannery
Graham Cubbin
Vincent O'Rourke

The Company Secretary is David Franks, a position he held the whole of the financial year and up to the date of this report.

PRINCIPAL ACTIVITIES

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

– the ongoing development and exploitation of the Binderless Coal Briquetting (BCB) technology;
– the evaluation of mining exploration assets; and
– the engagement in legal proceedings against PT Bayan Resources TBK and Bayan International Pte Ltd.

During the year the principal discontinued operation comprised coal mines in Kentucky USA, operated by Mountainside Coal Company, Inc. (MCC), a 51%-owned subsidiary company.

On 1 July 2019, the Group disposed of its 51% interest in South African subsidiary River Energy South Africa Pty Limited. The Group continues its involvement in the coal technology segment in South Africa through its subsidiary River Energy JV Limited.

DIVIDENDS

No amounts have been paid or declared by way of dividend during the current financial year (2019: Nil).

OPERATING AND FINANCIAL REVIEW

Coal technology

White Energy is the exclusive worldwide licensee of a patented technology for a Binderless Coal Briquetting (BCB) process which is capable of upgrading low cost, low rank coals and coal fines into more valuable, higher energy yielding briquettes. The BCB process also provides an attractive solution for coal producers seeking to maximise mine yield and solve the environmental issues posed by discarded coal fines.

Discussions continue with several mine owners 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.

White Energy operates demonstration and pilot plants at Cessnock (NSW, Australia) as a key testing and training facility. In previous years, 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.

In response to the emergence of the global COVID-19 pandemic in 2020, White Energy implemented appropriate measures to ensure the health and safety of its employees, contractors and the public, in compliance with government directives on COVID-19. Operations have and are continuing normally, with no material adverse impact on financial performance during the year. The measures put in place by governments to control the spread of the virus have caused worldwide economic activity to contract. Such effects have created risks for the Company and its customers, and the outlook for general economic conditions is expected to be uncertain in the short to medium term before economic recoveries occur.

During the year, further progress was made by White Energy under the memorandum of understanding with the Yankuang Group in China to investigate the implementation of White Energy's BCB coal technology for use in Yankuang's coal briquetting business. Coal trials of coals from Shandong and Shanxi Provinces were successfully conducted at White Energy's test facility in Cessnock and two of the Company's briquetting machines were despatched for larger scale tests in China.

Yankuang Group constructed a small pilot plant in Shandong Province using White Energy's patented BCB technology, and this is the first step in commercialisation of the technology in China. Testing has commenced of several Chinese coals in this plant. Design of a 200,000 tonnes per annum BCB plant for a mine site in Shanxi Province is well advanced, and a contract for construction of the plant is being finalised, that is funded by the customer, under White Energy's design and engineering supervision. The travel restrictions imposed by the Australian Government due to COVID-19 has slowed the contractual discussions and the ability of the Company's engineers to visit the various sites in China.

White Energy and its 49% joint venture partner in River Energy JV (River Energy), Proterra Investment Partners (Proterra), have been working with coal mine operators in South Africa for several years to establish coal briquetting operations and through extensive testing, briquetting and combustion trials on coals from several South African mines has demonstrated that a saleable export grade coal product can be produced from South African reject tailings.

In South Africa alone, it is estimated that there are over 1 billion tonnes of discard coal in tailings facilities, much of which will eventually need to be reclaimed. River Energy continues discussions with coal mine operators in South Africa who have substantial quantities of coal fines which could be briquetted into a marketable coal product.

During July 2019, agreement was reached with Proterra for them to buy White Energy's 51% interest in South African subsidiary River Energy South Africa Pty Limited for a nominal amount. White Energy will continue to pursue BCB projects in South Africa through Proterra and the Company's 51% interest in River Energy.

Coal mining

White Energy's coal mining operations in Kentucky, USA are held through 51%-owned subsidiary MCC.

MCC's coal mining operations had no coal sales revenue during the year. Coal production at the Flag Ridge mine has been suspended since April 2018 to allow reclamation activities to be completed at this mine.

The reclamation activities undertaken during the year focused on open pits being backfilled, graded and hydro-seeded, and this work is substantially complete in the mined-out areas. The reclamation activities resulted in the release of $0.5 million of cash held as security. Reclamation activity continues, with applications being made for bond releases as rehabilitation work in each area is completed.

MCC currently has additional permits in various stages of approval and many acres containing low-ash Blue Gem coal resources in Kentucky that are in the final permitting phase. MCC continues to advance the permitting process and additional leases are being sought as mine plans for new areas are progressed.

White Energy is in the process of selling its 51% interest in MCC. Negotiations to purchase White Energy's interest are continuing and being advanced to a finalisation.

Exploration

Activity in EL5719 (South Australia) during the year was focused on examining coal gasification and emerging hydrogen opportunities from coal, and planning for future exploration activities.

EL5719 lies entirely within the Olympic Dam G9 Structural Corridor. Past drilling has identified that the geology in the area is similar in age to the mineralisation in the Prominent Hill and Olympic Dam Mines, and gravity and magnetic surveys have identified promising structural features. Previous activity has focused on exploration for iron oxide-copper-gold–uranium (IOCGU) styles of mineralisation, and coal, which a study by Lurgi GmbH confirmed is suitable for gasification.

The EL5719 licence was in place until its expiration on 8 August 2020 and retention lease RL104 was for the same period. Applications to renew the licence and lease were submitted in May 2020 and the Government of South Australia has issued a public notice advising they intend to grant an exploration licence for five years over the area covered by EL5719.

Petroleum Exploration Licence Application PELA674 is for an area located in South Australia adjacent to EL5719 that has the potential for coal gasification opportunities.

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 (SICC). The proceedings relate to various disputed matters arising in connection with the company PT Kaltim Supacoal (KSC), 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 against the White Energy Group in these proceedings.

The SICC handed down its judgement on Tranche Two of the proceedings in July 2017 and found in favour of BCBCS and BCBC on substantially all of the matters considered.

A notice of appeal against substantially the whole of the SICC's findings against Bayan in the Tranche Two judgement was subsequently filed by Bayan on 24 August 2017. The appeal was heard by the Singapore Court of Appeal (CA) in February 2018 and the judgement was handed down on 29 August 2018. The CA dismissed substantially the whole of Bayan's appeal. The CA remitted to the SICC for its determination, a narrow question regarding causation, being whether BCBCS had the ability to fund the KSC joint venture by itself.

The SICC handed down its judgement on the remitted issue on 9 January 2019 and found in favour of BCBCS and BCBC, and held that BCBCS had the financial ability to fund the KSC joint venture until the completion of commissioning and testing at the Tabang coal upgrade plant or until June 2012. Costs associated with the appeal process were awarded to BCBCS.

On 16 January 2019, Bayan filed a notice of appeal against the whole of the decision of the SICC in regards to the remitted issue. The appeal was heard by the SICC on 10 July 2019. Bayan's appeal was unanimously dismissed immediately following the hearing.

Tranche Three of the proceedings is being heard by the SICC from 21 to 30 September, where damages and loss arising from Bayan's breaches and repudiation of the joint venture will be determined.

The claim for damages can be broadly summarised as follows:

i. BCBCS claims for wasted expenditure, being expenses incurred by BCBCS which were rendered futile by reason of Bayan's breach and repudiation of the joint venture;
ii. Further, BCBCS claims for loss of the chance of expanding the capacity of the joint venture to at least 3 million tonnes per annum; and
iii. Interest on any damages award and costs.

General corporate

Proceeds from the Entitlement Offer undertaken in March 2020 raised $15 million (net), and will be used to fund the Company's ongoing legal proceedings against PT Bayan Resources Tbk and for general corporate purposes, including working capital. The funds were used to repay the $3.2 million owed for the BCB licence agreement fee.

The Managing Director and all Non-executive Directors maintained the significant reductions in the cash component of their remuneration from 2016 / 2017 as part of the Company's ongoing commitment to cost reduction.

The Company has no significant secured corporate debt. Non-recourse shareholder loans provided to the Group's 51% owned operations in the USA and South Africa by both White Energy and the minority shareholders in proportion to their ownership interests are repayable in January 2023.

Financial position and results for year

The Group had cash reserves including discontinued operation of $10.6 million (30 June 2019: $5.1 million) excluding restricted cash of $3.7 million (30 June 2019: $4.1 million).

The total assets balance increased from $40.4 million as at 30 June 2019 to $44.7 million as at 30 June 2020, largely as a result of the Entitlement Offer raising, and this was partly offset by losses derived by the Group.

The increase in liabilities from $94.8 million as at 30 June 2019 to $97.9 million predominantly reflects the additional loans provided by the Group's minority shareholders for their share of the ongoing working capital requirements of the Company's subsidiaries MCC and River Energy, the increase in the loans value due to the devaluation of the Australian dollar against the US dollar, and the recognition of lease liabilities on adoption of the new standard. This was partly offset by payments for trade and other payables and the reduction of liabilities on disposal of a discontinued operation.

The Group's loss before tax for the year ended 30 June 2020 was $14.7 million (2019: $18.0 million). The Group's adjusted normalised EBITDA loss for the year ended 30 June 2020 was $2.9 million (2019: $3.2 million). The improvement in normalised EBITDA from the comparative period in 2019 is primarily due to the cost reduction initiatives across the Group.

The normalised EBITDA loss has been determined as follows:

	2020 $'000	2019 $'000
Consolidated entity net loss for the year before income tax	**(14,654)**	(18,018)
(including discontinued operations)		
Non-cash expenses / (income):		
Depreciation / amortisation	**2,111**	2,799
Impairment expense	**1,700**	2,690
Loss on disposal of discontinued operation	**1,117**	–
Share-based payments	**50**	–
Other	**(40)**	(77)
Sub-total – non-cash expenses	**4,938**	5,412
Other significant items:		
Finance costs	**4,212**	4,058
Legal costs – litigation	**1,874**	659
Sub-total – other significant items	**6,086**	4,717
Consolidated entity adjusted normalised EBITDA	**(3,630)**	(7,889)
Non-controlling interests share of normalised EBITDA	**740**	4,710
White Energy adjusted normalised EBITDA	**(2,890)**	(3,179)

Normalised EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the loss under AIFRS adjusted for specific significant items. The table above summarises key items between statutory loss before income tax and normalised EBITDA. The Directors use normalised EBITDA to assess the performance of the Group. The Group's adjusted normalised EBITDA loss ($3.6 million) reconciles to the segment information EBITDA result for the year ($5.5 million) disclosed in Note 4(b), after adding back litigation costs ($1.9 million) which are included in the segment expenses line item.

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

Going concern

The Group recorded a total comprehensive loss for the year ended 30 June 2020 of $16,153,000 (2019: $21,517,000), had net cash outflows from operations of $10,265,000 (2019: $12,151,000) and a cash balance excluding restricted cash of $9,989,000 (30 June 2019: $4,414,000). The Group's current liabilities exceed its current assets by $27,926,000 (30 June 2019: $32,488,000). In this regard it should be noted that the Group's external debt comprised limited-recourse shareholder loans, a loan secured over equipment, trade and other payables and provisions incurred in the ordinary course of business. The Group significantly strengthened its financial position during the year by raising $15 million (net) from the Entitlement Offer. The Group has prepared a cash flow forecast to 30 September 2021, which demonstrates the need to raise additional funding to meet the Group's forecast expenditure for the period.

The Directors are considering a number of actions for raising additional funds, including from one or more of the following sources:

1. Asset sales: The Group is currently running a sale process for its 51% interest in Mountainside Coal Company Inc. Negotiations with interested parties to purchase the Group's interest are continuing;
2. Additional equity funds: As previously foreshadowed, the Company plans to raise additional equity funds for the ongoing activities of the Group, as required. The Company has been successful in raising equity funds through the issue of new shares recently and in the past;
3. Debt funding for capital projects: The Directors believe, based on past experience, that they can raise third party debt financing to part fund any future project capital expenditure requirements; and
4. Loans from minority shareholders: The Group's 51% owned subsidiaries, Mountainside Coal Company Inc., River Energy JV Limited and River Energy JV UK Limited continue to have access to funds from their 49% minority shareholder under existing shareholder loan agreements (in conjunction with WEC's 51% contributions) to enable them to meet their debts as and when they fall due.

As the funding actions are yet to be completed, these conditions give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Directors believe that the Group will be successful in raising funds through one or more of the above actions 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.

The Group's independent auditor's report for the year ended 30 June 2020 contains an emphasis of matter paragraph drawing members' attention to the contents of Note 1(a)(vi) of the accompanying financial statements which deals with the Group's going concern assumptions and the basis upon which those financial statements have been prepared. A copy of the independent auditor's report is included with the accompanying financial statements for the year ended 30 June 2020.

Future prospects

The Group continues to look for opportunities to increase the worldwide footprint of BCB coal technology with coal producers seeking to maximise mine yield and solve the environmental challenges posed by discarded coal fines. Discussions will continue with coal mine operators who have substantial quantities of coal fines which could be briquetted into a marketable coal product in Australia, China and South Africa. White Energy's 49% joint venture partner in River Energy, Proterra Investment Partners, is pursuing opportunities on mine sites in South Africa to secure access to fine coal to support BCB projects and is entering into arrangements which may lead to a BCB plant.

Further testing of coal samples will be carried out at Yankuang Group's pilot plant in China to investigate the implementation of BCB coal technology for use in their coal briquetting business. The agreement in relation to the BCB plant in Shanxi Province is expected to be finalised.

In Australia, the focus on examining coal gasification and emerging hydrogen opportunities from coal, and planning for future exploration activities is expected to continue.

The Group will continue to investigate other opportunities to invest in coal assets.

The third tranche of the legal proceedings against PT Bayan Resources Tbk and Bayan International Pte Ltd (Bayan) in the Singapore International Commercial Court is being heard from 21 to 30 September 2020, where damages and loss arising from Bayan's breaches and repudiation of the joint venture will be determined.

Principal risks and uncertainties

The activities of the White Energy Group, as in any business, are subject to risks, some of which are specific to the Group and the coal industry in general, which may impact on its future financial performance, its business prospects and the value of White Energy shares. The Group has appropriate actions, systems and safeguards for known risks, however, some are outside the control of the Group. The principal 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 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 on favourable terms or at all as a result of adverse market conditions and other factors outside the control of the Company. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.
- **General economic and business conditions risk:** The operating and financial performance of the Group is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, foreign exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on the Group's business and financial performance including its ability to fund its activities. The COVID-19 pandemic could result in a prolonged deterioration in general economic and business conditions.
- **Regulatory and country risks:** The Group holds investments in Australia, Africa and North America and conducts business, or seeks to conduct business in these and other countries, and is therefore exposed to the laws governing businesses in those countries. Changes in government regulations including taxation, the repatriation of profits, restrictions on production, export controls, environmental compliance, shifts in the political stability of the country, labour unrest and other adverse political events could adversely affect the Group and its business initiatives in Australia, Africa, North America and other countries.
- **Competition risk:** The industry in which the Group is involved is subject to domestic and global competition including from alternative energy sources including gas, solar, uranium, tidal or other energy sources. While the Group will undertake all reasonable due diligence in its business decisions and operations, the Group will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Group's projects and business.
- **Potential acquisitions and divestments risk:** As part of its business strategy, the Group may make acquisitions of, or significant investments in, complementary companies, products or technologies and may make asset divestments. Any such transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, and any divestment activity could result in realising values less than fair value.
- **Management actions risks:** The Directors will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Group, but without assuming any personal liability, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Group and its securities. This includes risks arising from the Group's reliance on a number of key employees. The Company has in place employment contracts with key employees and has the objective of providing attractive employment conditions to assist in retaining key employees. However, there is no guarantee that the Company can or will retain its key employees.
- **Unforeseen expenses risk:** While the Group is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the forecast expenditure requirements of the Group may be adversely affected.
- **Exploration success risk:** The mineral tenements of which the Group has or may have an interest in are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the project areas, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.
- **Operating risks:** The Group's future operations will be subject to operating risks that could result in decreased product production which could reduce its revenues. These operational difficulties may impact the amount of product produced, increase the cost of production and delay sales revenue. Such difficulties include failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction and production costs; adverse weather conditions; natural disasters; industrial and environmental accidents; industrial disputes; transportation delays; workplace, health and safety issues including those arising from the COVID-19 pandemic; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

- **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 Group may not materialise, and may exceed the current expected timeframe for completion or cost, for a variety of reasons outside the control of the Group.
- **Intellectual property risk:** The Group's future financial performance may be impacted by the failure to protect its intellectual property.
- **Technology risk:** Emerging new technologies may render the Group's proprietary binderless briquetting technology obsolete and hinder the Group's ability to derive future income.
- **General project risk:** Any project is subject to risk, in particular those that rely on a relatively new technology.
- **Resource risk:** The Group reports resource estimates in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, known as the JORC Code. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates, including that the coal mined may be of a different quality, tonnage or strip ratio from those estimates. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
- **Coal price volatility, gas price volatility and foreign exchange rate risks:** The Group's future financial performance will be impacted through the revenue it derives by future traded coal prices, traded gas prices and movements in foreign exchange rates which are determined by factors outside the Group's control. The global economy has been impacted by the COVID-19 pandemic, with short-term demand for coal contracting and uncertainties surrounding future traded coal prices.
- **Environmental risks:** The operations and proposed activities of the Group are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Group is committed to environmental care and aims to carry out its activities in an environmentally responsible and scientifically-sound way that reduces the environmental impact to a practical minimum and ensures compliance with all environmental laws. The Group holds certificates of deposit for bonds held for security until reclamation of permitted sites in Kentucky and Tennessee in the USA has been suitably completed by the Group.
- **Climate change risks:** Climate change is creating risks and opportunities for the Group and its customers. Changes in government regulations in the countries the Group operates in could restrict the use of coal and impact the longer term demand for coal and therefore the Group's proprietary BCB coal technology. The demand for coal could also be impacted by the faster than anticipated adoption of alternative energy sources over the longer term in the transition to a lower carbon economy. Climate change has the potential to increase the intensity and frequency of extreme weather events that may impact the Group's future operations and those of its customers. The Group has advantages from, and resilience to such risks through the BCB coal technology which can improve the carbon emission efficiency of sub-bituminous coals and convert large quantities of discarded fine bituminous coal into a saleable product that may otherwise be considered an environmental liability. The Group's Lake Philipson coal resource has the potential for coal gasification and emerging hydrogen opportunities from coal. Gas is seen as an important energy source in the transition to a lower carbon economy.
- **Litigation risk - Bayan:** The Group is involved in a lengthy and complex legal dispute with Bayan. The final outcome of the proceedings is not known or certain. There may be unexpected scenarios which may affect the Group's position in the proceedings.

  The Group will be seeking damages and costs from Bayan in the third tranche of proceedings. The recovery of damages and costs is uncertain, including as to quantum. In the event BCBCS is awarded damages and costs in the third tranche of proceedings, BCBCS will register the judgement in Western Australia and seek to utilise the freezing order to enforce the damages and costs award (as described in the legal dispute section of the operating and financial review). There is a risk that Bayan may take actions to frustrate the purpose of this order which may affect BCBCS' ability to utilise the freezing orders to enforce a damages award.
- **Title Risks and Native Title risks:** Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Group could lose title to or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Group has or may have an interest.
- **Cyber security risk:** Cyber-attacks are increasing worldwide in frequency and severity. No information technology environment is impenetrable, the Group maintains appropriate actions, systems and safeguards to protect against data breaches and aims to keep to a low risk the adverse consequences arising from a breach on the Group's business and operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Renewal of exploration licence EL5719

On 3 September 2020, the Government of South Australia issued a public notice that it intends to grant an exploration licence for the area covered by EL5719 for a five year term, to wholly-owned subsidiary South Australian Coal Pty Ltd.

(b) Contingencies - KSC legal dispute

Refer to the review of operations section for details regarding the KSC legal dispute occurring after the reporting period.

No other significant matters or circumstance have arisen since 30 June 2020 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 financial report under the Operating and Financial Review section on pages 14 to 19.

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 Duncan
Chairman - Non-Executive
DIP.ENG (CIVIL) F.I.E AUST. C P ENG

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. He is a civil engineer with over 45 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.

Other current directorships:
None.

Former directorships (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:
158,749,045 ordinary shares in White Energy.

Brian Flannery
Managing Director
BE MINING

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 45 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.

Other current directorships:
None.

Former directorships (last 3 years):
None.

Special responsibilities:
Managing Director of White Energy.

Interests in shares:
152,598,291 ordinary shares in White Energy.

Interests in options:
10,000,000 Incentive Options in White Energy.

Graham Cubbin
Non-Executive Director
B ECON (HONS), FAICD

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.

Other current directorships:
Non-executive Director of three other listed companies: WPP AUNZ Limited, Bell Financial Group Limited and McPherson's Limited.

Former directorships (last 3 years):
Challenger Limited.

Special responsibilities:
Chair of the Audit and Risk Committee and a member of the Remuneration Committee.

Interests in shares:
1,800,000 ordinary shares in White Energy.

Vincent O'Rourke AM
Non-Executive Director
B ECON

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 45 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.

Other current directorships:
None.

Former directorships (last 3 years):
Non-executive Director of Yancoal Australia Limited.

Special responsibilities:
Member of the Audit and Risk Committee and Chair of the Remuneration Committee.

Interests in shares:
1,830,000 ordinary shares in White Energy.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

The Company Secretary is David Franks B Econ, CA, F Fin, JP. He was appointed as the Company Secretary on 3 February 2005 and is principal of Automic Group.

David Franks has more than 20 years experience in finance and accounting, initially qualifying with PricewaterhouseCoopers (formerly Price Waterhouse) in their Business Services and Corporate Finance Divisions. He has been CFO, Company Secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Meetings of Directors		Audit and Risk Committee		Remuneration Committee	
	Held[(a)]	Attended[(b)]	Held[(a)]	Attended[(b)]	Held[(a)]	Attended[(b)]
Non-executive Directors:						
Travers Duncan	8	8	3	3	1	1
Graham Cubbin	8	8	3	3	1	1
Vincent O'Rourke	8	8	3	3	1	1
Executive Directors:						
Brian Flannery	8	8	–	–	–	–

(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.
– 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:

2017: Vincent O'Rourke and Graham Cubbin

2019: Travers Duncan

Therefore under Clause 8.1(d) of the Constitution, Vincent O'Rourke and Graham Cubbin will retire and seek re-election.

REMUNERATION REPORT (AUDITED)

The Directors are pleased to present the Company's 2020 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 the 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.

The remuneration report is set out under the following main headings:

(1) Directors and other Key Management Personnel

(2) Remuneration governance

(3) Remuneration of Executives

(4) Relationship between remuneration and White Energy's performance

(5) Remuneration of Non-Executive Directors

(6) Voting and comments made at the Company's 2018 Annual General Meeting

(7) Share-based compensation

(8) Additional disclosures relating to Key Management Personnel

(1) Directors and other Key Management Personnel

For the purposes of the 30 June 2020 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
Vincent O'Rourke	Non-Executive Director - Independent
Executive Directors:	
Brian Flannery	Managing Director - Not Independent
Other Key Management Personnel:	
Michael Chapman[1]	Chief Operating Officer
Allan McCarthy	Chief Financial Officer

(1) Michael Chapman retired on 31 August 2019.

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).

(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 Graham Cubbin as at 30 June 2020.

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: https://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. In July 2019, the Remuneration Committee engaged Stantons International Securities (Stantons) to value the Incentive Rights issued to eligible employees that month under the Company's Long Term Incentive Plan. Stanton's have been paid $600 for these services.

The valuation has been made free from undue influence by members of the Group's key management personnel. Stanton's was engaged by the Company Secretary, Mr David Franks under delegated authority of the Board, and the valuation report was provided directly to him. No discussions were held directly with key management personnel. As a consequence, the Board is satisfied that the valuation was made free from undue influence from any members of the key management personnel.

(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	Variable 'at-risk' components
Base salary and benefits, including superannuation.	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.

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

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 Chairman, Managing Director and Non-Executive Directors voluntarily offered to reduce their base salary or Directors' Fees by 20% effective 1 July 2016. To further assist the Company conserve its funds, from 1 April 2017 the Directors' Fees for the Chairman and Non-Executive Directors were reduced to $40,000 p.a. and the Managing Director and Chief Operating Officer agreed to further significant reductions in their base remuneration.

Non-monetary benefits include car parking, phone benefits and private travel.

(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 2020 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).

Long Term Incentive Plan

The Company's Long Term Incentive Plan for key employees of the Company was re-approved by shareholders at the 2017 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 obligation 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 cease employment in other circumstances, the Incentive Securities will remain 'on foot' or lapse, 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.

Incentive Options

Mr Flannery was granted 10 million Incentive Options on 18 November 2016 with an exercise price set at the higher of $0.20 or 170% of the Share price on the date the Options were granted. As a consequence of the 2018 and 2020 pro-rata Entitlement Offers to shareholders, the exercise price was adjusted to $0.19363 on 5 June 2020. Each Option granted in respect of the LTIP entitles Mr Flannery to one Share in the Company on payment of the exercise price. There are no prescribed vesting and performance conditions attached to the Options. Mr Flannery will be able to exercise the Options at any time from the date the Options are granted until the expiry date on 18 November 2022.

Incentive Rights

Mr McCarthy was granted 1 million Incentive Rights on 1 July 2019 for a nil issue and exercise price. Each Right granted in respect of the LTIP entitles Mr McCarthy to one Share in the Company on satisfaction of vesting and performance conditions and will otherwise lapse on 30 June 2022. Mr McCarthy must remain an employee of the Company for a continuous three year period starting on 1 July 2019 and ending on 30 June 2022 inclusive (Service Period). The Company is required to achieve a Total Shareholder Return (TSR) over the Service Period of at least 120%. The TSR will be calculated based on movements in the Company's share price and adjusted for the total dividends paid during the Service Period. The starting share price for the Company's share is $0.10.

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 the LTIP.

(iii) Remuneration for year ended 30 June 2020

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

	Short-term benefits		Post-employment benefits	Equity-settled share-based payments	
2020	**Cash salary and fees $**	**Non-monetary benefits(1) $**	**Super-annuation $**	**Rights $**	**Total $**
Executive Directors:					
Brian Flannery	120,000	18,650	11,400	–	150,050
Other Key Management Personnel:					
Michael Chapman(2)	476,867	10,362	4,167	–	491,396
Allan McCarthy(3)	236,000	13,847	22,420	14,667	286,934
Total Executive Directors and other Key Management Personnel remuneration	832,867	42,859	37,987	14,667	928,380

(1) Non-monetary benefits include car parking, phone benefits and also for Mr Chapman private travel benefits.
(2) Remuneration for former Chief Operating Officer Mr Chapman is for the period up until his retirement on 31 August 2019.
(3) Percentage of relative proportion of remuneration related to performance for Mr McCarthy was 5%.

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

2019	Short-term benefits: Cash salary and fees $	Short-term benefits: Non-monetary benefits[1] $	Post-employment benefits: Super-annuation $	Total $
Executive Directors:				
Brian Flannery	120,000	17,861	11,400	149,261
Other Key Management Personnel:				
Michael Chapman	435,000	27,110	25,000	487,110
Allan McCarthy	228,310	12,969	21,690	262,969
Total Executive Directors and other Key Management Personnel remuneration	783,310	57,940	58,090	899,340

(1) Non-monetary benefits include car parking and also for Mr Chapman private travel benefits.

Percentage of relative proportion of remuneration related to performance not disclosed as the total amount of remuneration expense related to performance was nil for the financial year.

(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 2020 are set out below:

Name:	**Brian Flannery**
Title:	Managing Director
Term of agreement:	Rolling contract
Details:	Base salary including superannuation: $131,400 Contractual Termination benefits: 6 months base salary

Name:	**Michael Chapman**
Title:	Chief Operating Officer
Term of agreement:	Rolling contract
Details:	Base salary including superannuation: $460,000 Contractual Termination benefits: 6 months base salary

Name:	**Allan McCarthy**
Title:	Chief Financial Officer
Term of agreement:	Rolling contract
Details:	Base salary including superannuation: $258,420 Contractual Termination benefits: 3 months base salary

Each executive is entitled to car parking at the Company's office.

Mr Flannery is, and Mr Chapman was, entitled to additional leave entitlements from 1 April 2017, and any entitlements payable upon cessation of employment are, and were, payable respectively at the rate existing prior to 31 March 2017 (base salary including superannuation to 31 March 2017: Mr Flannery $700,800; Mr Chapman $657,000).

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.

(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:

	2020	2019	2018	2017	2016
Total loss for the year ($'000)	**(14,654)**	(18,018)	(18,257)	(44,235)	(85,248)
Share price at year end (Cents)	**11**	11	3	3	6
Increase / (decrease) in share price (%)	**–**	267	–	(45)	(82)
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.

During the year ended 30 June 2017, Directors' fees were adjusted to reflect that the Company's activity levels and size were lower than in previous periods (by market capitalisation and net assets). The Directors' commitment to implementing cost cutting initiatives across the group was reflected in a reduction in fees:

Annual fees (excluding superannuation)	12 Months to 30/6/2020	12 Months to 30/6/2019	From 1/4/2017	From 1/7/2016 to 31/3/2017
Chairman	$40,000	$40,000	$40,000	$176,000
Non-Executive Directors	$40,000	$40,000	$40,000	$51,200

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

DIRECTORS' REPORT

continued

(iii) Remuneration for the year ended 30 June 2020

The total remuneration paid to the Non-Executive Directors for the year ended 30 June 2020 amounted to $132,414 as detailed below. For comparison purposes, amounts for the year ended 30 June 2019 are also shown.

	Short-term benefits	Short-term benefits	Post-employment benefits	
2020	**Cash salary and fees $**	**Non-monetary benefits $**	**Super-annuation[1] $**	**Total $**
Non-Executive Directors:				
Travers Duncan[2]	**40,000**	**1,014**	**3,800**	**44,814**
Graham Cubbin	**40,000**	**–**	**3,800**	**43,800**
Vincent O'Rourke	**40,000**	**–**	**3,800**	**43,800**
Sub-total Non-Executive Directors	**120,000**	**1,014**	**11,400**	**132,414**

(1) Non-Executive Directors do not receive any retirement benefits other than their statutory entitlements.
(2) Non-monetary benefits include phone benefits.

Non-Executive Directors do not participate in the Company's Long Term Incentive Plan.

	Short-term benefits	Short-term benefits	Post employment	
2019	**Cash salary and fees $**	**Non-monetary benefits $**	**Super-annuation[1] $**	**Total $**
Non-Executive Directors:				
Travers Duncan[2]	40,000	3,679	3,800	47,479
Graham Cubbin	40,000	–	3,800	43,800
Vincent O'Rourke	40,000	–	3,800	43,800
Terence Crawford[3]	26,667	–	2,533	29,200
Sub-total Non-Executive Directors	146,667	3,679	13,933	164,279

(1) Non-Executive Directors do not receive any retirement benefits other than their statutory entitlements.
(2) Non-monetary benefits include phone benefits.
(3) Mr Crawford resigned on 28 February 2019.

Non-Executive Directors do not participate in the Company's Long Term Incentive Plan.

(6) Voting and comments made at the Company's 2019 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 95% of proxies lodged voted in favour of the remuneration report for the 2019 financial year. Comments raised by shareholders during the course of the Annual General Meeting were responded to by the Directors during the meeting.

(7) Share-based compensation

Options

The terms and conditions of each grant of Incentive Options affecting the remuneration of Directors and Executives under the LTIP in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Value per option at grant date	Vested %	Exercised %	Lapsed %
Incentive Options						
10,000,000 options at $0.19363 exercise price[(1)]:						
18/11/2016	Vest upon grant[(1)]	18/11/2022	$0.0308	100%	–	–

(1) Incentive Options granted in 2016 may be exercised at any time prior to their expiry date. The Board may determine that the options lapse if the option holder ceases to be an employee prior to exercise. The options may be forfeited in other circumstances, including if the employee acts fraudulently or dishonestly or engages in gross misconduct. The rules of the LTIP and the terms of the grant contain provisions relating to the treatment of the options in the event of a takeover or change of control and in the event of a bonus issue or capital reorganisation. The fair value of the options at grant date was determined using the Black & Scholes option valuation methodology. As a consequence of the 2018 and 2020 pro-rata Entitlement Offers to shareholders, the exercise price of the options was adjusted from $0.20 to $0.19363 on 5 June 2020.

Rights

The terms and conditions of each grant of Incentive Rights affecting remuneration of the Directors and Executives under the LTIP in the current or a future reporting period are as follows:

Grant date	Vesting date	Expiry date	Value per right at grant date	Vested %	Ordinary Shares Issued %	Lapsed %
Incentive Rights						
1,000,000 rights at $0.00 exercise price:						
01/07/2019	Vesting on 30/06/2022 subject to satisfaction of two vesting conditions - a service condition and a performance condition[(1)]	30/06/2022	$0.0440	–	–	–

(1) Incentive Rights granted in 2019 vest on satisfaction of two vesting conditions on 30 June 2022: Service Condition – the employee must remain continuously employed by the Company or its subsidiary throughout the 3 year period from 1 July 2019 to 30 June 2022 inclusive; and Performance Condition – the Company must achieve a Total Shareholder Return (TSR) of 120% over the 3 year period. This is calculated based on the Company's market-based ordinary share price returns adjusted for any dividends paid during the Service Period. For the purpose of this Performance Condition, the deemed starting share price is $0.10, the volume weighted average price over the preceding 20 trading days to 28 June 2019. The Board may determine that the rights lapse if the rights holder ceases to be an employee prior to exercise. The rights may be forfeited in other circumstances, including if the employee acts fraudulently or dishonestly or engages in gross misconduct. The rules of the LTIP and the terms of the grant contain provisions relating to the treatment of the rights in the event of a takeover or change of control and in the event of a bonus issue or capital reorganisation. The fair value of the rights at grant date was determined using the Black & Scholes valuation methodology.

(8) Additional disclosures relating to Key Management Personnel

(i) Incentive Option holdings

The number of Incentive 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 2020	Balance at the start of 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 Director:						
Brian Flannery	10,000,000	–	–	–	–	10,000,000

(ii) Shareholding

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 2020	Number at the start of the year	Other changes during the year	Number at the end of the year
Key Management Personnel:			
Travers Duncan	79,768,308	78,980,737	158,749,045
Brian Flannery	75,667,806	76,930,485	152,598,291
Graham Cubbin	1,200,000	600,000	1,800,000
Vincent O'Rourke	1,220,000	610,000	1,830,000
Michael Chapman(1)	1,075,844	(1,075,844)	–

(1) Mr Chapman retired on 31 August 2019.

(iii) Incentive Right holdings

The number of Incentive Rights 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 2020	Balance at the start of year	Granted during the year as remuneration	Ordinary Shares Issued	Lapsed	Balance at the end of the year	Vested at the end of the year
Key Management Personnel:						
Allan McCarthy	–	1,000,000	–	–	1,000,000	–

(iii) Other transactions with key management personnel and their related parties

During the year ended 30 June 2020, employee benefits of $118,174 (2019: $111,975) were paid to Andromeda Neale, the Business Development Counsel of the Company, who is related to Travers Duncan, the Chairman of White Energy. This arrangement is based on normal commercial terms and conditions and at the prevailing market rate for a person of her skill and experience.

During the year ended 30 June 2020, Brian Flannery, the Managing Director of White Energy, leased some commercial office space from White Energy in the Company's Brisbane office, and also reimbursed the Company for some part-time secretarial work conducted for his private companies, Illwella Pty Ltd and KTQ Developments Pty Ltd for $139,249 (2019: $97,554). This arrangement is based on normal commercial terms and conditions and at the prevailing market rate.

During the year ended 30 June 2020, Brian Flannery and Travers Duncan, reimbursed the Company for some geological work conducted for their private company Rockland Resources Pty Limited for $20,800 (2019: $13,600). This arrangement is based on normal commercial terms and conditions and at the prevailing market rate.

During the year ended 30 June 2020, Brian Flannery and Travers Duncan, were each paid a underwriting fee to underwrite the Company's Entitlement Offer of $155,071 (2019: $Nil) through their private companies Ilwella Pty Ltd and Gaffwick Pty Ltd atf Duncan Family Trust respectively. The underwriting agreements are based on normal commercial terms and conditions.

During the year ended 30 June 2019, Brian Flannery and Travers Duncan each loaned the Company $750,000 through their private companies and Ilwella Pty Ltd and Gaffwick Pty Ltd atf Duncan Family Trust respectively. The loans were repaid during the 2019 financial year. The amounts disclosed in the Group's financial statements as loans from related parties are the amounts lent by key management personnel and were due for repayment by the Company within one year after they were advanced or on demand. The loans were not secured. The loan's agreements were based on normal commercial terms and conditions and included interest at a market rate.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION OR RIGHT

Unissued ordinary shares of White Energy as at 30 June 2020 are as follows:

Option or right type	Date options or right granted	Expiry date	Exercise price	Number
Incentive Options	18/11/2016	18/11/2022	$0.19363	10,000,000
Incentive Rights	01/07/2019	30/06/2022	$0.00000	3,400,000

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

INSURANCE OF OFFICERS

During the financial year, the Company 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.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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 the amounts paid or payable to the auditor (PwC) for audit and non-audit services provided during the financial year are set out in Note 29 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 29 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:

	Consolidated	
	2020 $'000	2019 $'000
Taxation Services		
Total for taxation services and for non-audit services:		
Network firms of PwC Australian firm	**60,040**	45,205

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 33.

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 the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar

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

Brian Flannery
Managing Director

Brisbane
28 September 2020

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration

As lead auditor for the audit of White Energy Company Limited for the year ended 30 June 2020, 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.

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

Simon Neill
Partner
PricewaterhouseCoopers

Brisbane
28 September 2020

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ANNUAL FINANCIAL STATEMENTS - 30 JUNE 2020

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The financial statements are for the consolidated Group consisting of White Energy Company Limited and its subsidiaries. A list of principal subsidiaries is included in Note 33. The financial statements are presented in Australian Dollars, which is White Energy Company Limited's functional and presentation currency.

General information

White Energy Company Limited is a company limited by shares, incorporated and domiciled in Australia. Its shares are listed on the Australian Securities Exchange (WEC) and also traded on the US based OTCQB exchange (WECFF). Its registered office and principal place of business are:

Registered office	**Principal place of business**
Level 5, 126 Phillip Street	Level 7, 167 Eagle Street
Sydney	Brisbane
NSW 2000	QLD 4000
Phone +61 2 9299 9690	Phone +61 7 3229 9035

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 September 2020. 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 2020 Corporate Governance Statement is dated as at 30 June 2020 and reflects the corporate governance practices in place throughout the 2020 financial year. The 2020 Corporate Governance Statement was approved by the board on 28 September 2020. 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: https://www.whiteenergyco.com/about-us/corporate-governance/.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Revenue from continuing operations			
Other income	5	**1,339**	1,839
Total revenue		**1,339**	1,839
Other net gains		**40**	73
Employee benefits expense	6	**(1,758)**	(2,390)
Depreciation and amortisation expense	6	**(2,111)**	(2,799)
External advisory fees	6	**(2,380)**	(1,445)
Occupancy expenses		**(78)**	(233)
Travel expenses		**(80)**	(287)
Plant operating costs		**(70)**	(107)
Accounting, tax and audit fees		**(410)**	(316)
Other expenses		**(750)**	(718)
Finance costs		**(1,914)**	(1,933)
Loss before income tax from continuing operations		**(8,172)**	(8,316)
Income tax	7	**–**	–
Loss for the year from continuing operations		**(8,172)**	(8,316)
Loss for the year from discontinued operations	8	**(6,482)**	(9,702)
Loss for the year		**(14,654)**	(18,018)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(1,499)**	(3,499)
Other comprehensive loss for the year		**(1,499)**	(3,499)
Total comprehensive loss for the year		**(16,153)**	(21,517)
Loss for the year is attributable to:			
Non-controlling interests		**(5,944)**	(8,047)
Owners of White Energy Company Limited	27	**(8,710)**	(9,971)
Total loss for the year		**(14,654)**	(18,018)
Total comprehensive loss for the year is attributable to:			
Continuing operations		**(7,375)**	(5,826)
Discontinued operations		**(1,331)**	(3,596)
Owners of White Energy Company Limited		**(8,706)**	(9,422)
Non-controlling interests		**(7,447)**	(12,095)
Total comprehensive loss for the year		**(16,153)**	(21,517)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

continued

		2020 Cents	2019 Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of White Energy Company Limited			
Basic earnings per share	38	**(1.1)**	(1.5)
Diluted earnings per share	38	**(1.1)**	(1.5)
Earnings per share for loss from discontinued operations attributable to the ordinary equity holders of White Energy Company Limited			
Basic earnings per share	38	**(0.4)**	(0.7)
Diluted earnings per share	38	**(0.4)**	(0.7)
Earnings per share for loss attributable to the ordinary equity holders of White Energy Company Limited			
Basic earnings per share	38	**(1.5)**	(2.3)
Diluted earnings per share	38	**(1.5)**	(2.3)

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

CONSOLIDATED BALANCE SHEET

as at 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	9	**9,989**	4,414
Trade and other receivables	10	**536**	413
Other assets	11	**474**	441
		10,999	5,268
Assets of disposal groups classified as held for sale	12	**14,111**	13,518
Total current assets		**25,110**	18,786
Non-current assets			
Property, plant and equipment	13	**33**	28
Intangibles	14	**7,209**	9,206
Exploration assets	15	**10,379**	10,343
Restricted cash	17	**2,000**	2,000
Total non-current assets		**19,621**	21,577
Total assets		**44,731**	40,363
Liabilities			
Current liabilities			
Trade and other payables	18	**1,559**	5,075
Provisions	19	**463**	758
Other liabilities	20	**24**	47
		2,046	5,880
Liabilities of disposal groups classified as held for sale	21	**50,990**	45,394
Total current liabilities		**53,036**	51,274
Non-current liabilities			
Other payables	22	**44,572**	43,136
Provisions	24	**284**	366
Total non-current liabilities		**44,856**	43,502
Total liabilities		**97,892**	94,776
Net liabilities		**(53,161)**	(54,413)
Equity			
Contributed equity	25	**521,337**	506,337
Reserves	26	**(10,444)**	(12,215)
Accumulated losses	27	**(494,435)**	(485,725)
Equity attributable to the owners of White Energy Company Limited		**16,458**	8,397
Non-controlling interests	28	**(69,619)**	(62,810)
Total equity		**(53,161)**	(54,413)

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 2020

Consolidated	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2018	493,476	(12,757)	(475,244)	(51,232)	(45,757)
Loss for the year	–	–	(9,971)	(8,047)	(18,018)
Other comprehensive income / (loss) for the year	–	549	–	(4,048)	(3,499)
Total comprehensive income / (loss) for the year	–	549	(9,971)	(12,095)	(21,517)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (Note 25)	12,861	–	–	–	12,861
Transactions with non-controlling interests (Note 33)	–	(7)	(510)	517	–
Balance as at 30 June 2019	506,337	(12,215)	(485,725)	(62,810)	(54,413)
Balance as at 1 July 2019	506,337	(12,215)	(485,725)	(62,810)	(54,413)
Loss for the year	–	–	(8,710)	(5,944)	(14,654)
Other comprehensive income / (loss) for the year	–	4	–	(1,503)	(1,499)
Total comprehensive income / (loss) for the year	–	4	(8,710)	(7,447)	(16,153)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (Note 25)	15,000	–	–	–	15,000
Share-based payments (Note 35)	–	50	–	–	50
Disposal of discontinued operation (Note 8)	–	1,717	–	638	2,355
Balance as at 30 June 2020	**521,337**	**(10,444)**	**(494,435)**	**(69,619)**	**(53,161)**

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 2020

	Note	Consolidated 2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,883**	948
Payments to suppliers and employees (inclusive of goods and services tax)		**(12,660)**	(13,537)
		(10,777)	(12,589)
Interest received		**61**	37
Receipts from certificates of deposit restricted for bonds		**451**	401
Net cash outflow from operating activities	37	**(10,265)**	(12,151)
Cash flows from investing activities			
Payments for property, plant and equipment		**(5)**	–
Payments for exploration assets		**(31)**	(57)
Disposal of discontinued operation, net of cash disposed of	8	**(309)**	–
Finance lease receivables received		**65**	–
Proceeds from sale of property, plant and equipment		**36**	4,349
Net cash (outflow) / inflow from investing activities		**(244)**	4,292
Cash flows from financing activities			
Proceeds from issue of shares	25	**15,490**	13,156
Proceeds from borrowings		**1,589**	5,329
Share issue transaction costs	25	**(490)**	(295)
Repayment of loans		**(178)**	(5,971)
Repayment of lease liabilities		**(300)**	–
Finance charges paid		**(174)**	(352)
Net cash inflow from financing activities		**15,937**	11,867
Net increase in cash and cash equivalents		**5,428**	4,008
Cash and cash equivalents at the beginning of the financial year		**5,055**	1,069
Effects of exchange rate changes on cash and cash equivalents		**103**	(22)
Cash and cash equivalents at the end of the financial year		**10,586**	5,055
The above figures reconcile to the balance sheet at the end of the financial year as follows:			
Balances as above		**10,586**	5,055
Reclassification of cash of disposal groups held for sale (refer Note 12)		**(597)**	(641)
Cash and cash equivalents at the end of the financial year		**9,989**	4,414

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2020

1. 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 comprise the consolidated financial statements of the group consisting of White Energy Company Limited (White Energy, the Company or Parent Entity) and its subsidiaries, together referred to as the Group in this financial report.

(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*, as appropriate for for-profit oriented entities. White Energy is a for-profit entity for the purposes of preparing the financial statements.

(i) Compliance with International Financial Reporting Standards (IFRS)

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

(ii) Historical cost convention

The 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, financial assets at fair value through other comprehensive income and certain classes of property, plant and equipment.

(iii) Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(iv) New and amended standards adopted by the Group

The Group has applied the following Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the first time for the reporting period commencing 1 July 2019:

– AASB 16 *Leases*
– Interpretation 23 *Uncertainty over Income Tax Treatments.*

The Group also elected to adopt the following amendments early:

– AASB 2018- *7 Amendments to Australian Accounting Standards - Definition of Material.*

The Group had to change its accounting policies and make certain retrospective adjustments as a result of the adoption of AASB 16. The impact of adoption of this standard is disclosed in the "Changes in accounting policies" Note 40. The other standards and interpretations listed above did not have any impact on the Group's accounting policies, did not require retrospective adjustments and are not expected to significantly affect the current or future periods.

(v) New standards and interpretations issued but not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the group. The Group's assessment of the impact of these new standards and interpretations that are relevant to the Group are set out below.

– *The Conceptual Framework for Financial Reporting* (was revised by the IASB in 2018 and is mandatory for the reporting period beginning on 1 July 2020). AASB 2019 - 1 *Amendments to Australian Accounting Standards-References to the Conceptual Framework* (mandatory for the reporting period beginning on 1 July 2020) has been issued by the AASB and this sets out the amendments to affected Standards that make reference to the Framework.

The revised Framework sets out the fundamental concepts of financial reporting that guide the IASB in developing IFRS (Standards). It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, providing useful information for investors and others. It assists preparers of financial reports to develop consistent accounting policies when no Standard applies to a particular transaction or other event, or when a Standard allows a choice of accounting policy.

The Framework is not an accounting standard and hence does not define standards for any particular measurement or disclosure issue. Nothing in the Framework overrides any specific accounting standard. Preparers are required to refer to the Framework as a source of guidance in developing and applying an accounting policy if there is no accounting standard or interpretation dealing with an accounting issue. The Group has carried out an assessment of the impact of the revised Framework on the amounts recognised in its financial statements. The Framework is not expected to have a material impact on the Group on transition to this pronouncement, in future reporting periods and on foreseeable future transactions.

(vi) Going Concern

The Group recorded a total comprehensive loss for the year ending 30 June 2020 of $16,153,000 (2019: $21,517,000), had net cash outflows from operations of $10,265,000 (2019: $12,151,000) and a cash balance excluding restricted cash of $9,989,000 (30 June 2019: $4,414,000). The Group's current liabilities exceed its current assets by $27,926,000 (30 June 2019: $32,488,000). In this regard it should be noted that the Group's external debt comprised limited-recourse shareholder loans, a loan secured over equipment, trade and other payables and provisions incurred in the ordinary course of business. The Group significantly strengthened its financial position during the year by raising $15 million (net) from the Entitlement Offer. The Group has prepared a cash flow forecast to 30 September 2021, which demonstrates the need to raise additional funding to meet the Group's forecast expenditure for the period.

The Directors are considering a number of actions for raising additional funds, including from one or more of the following sources:

1. Asset sales: The Group is currently running a sale process for its 51% interest in Mountainside Coal Company Inc. Negotiations with interested parties to purchase the Group's interest are continuing;
2. Additional equity funds: As previously foreshadowed, the Company plans to raise additional equity funds for the ongoing activities of the Group, as required. The Company has been successful in raising equity funds through the issue of new shares recently and in the past;
3. Debt funding for capital projects: The Directors believe, based on past experience, that they can raise third party debt financing to part fund any future project capital expenditure requirements; and
4. Loans from minority shareholders: The Group's 51% owned subsidiaries, Mountainside Coal Company Inc., River Energy JV Ltd and River Energy JV UK Limited continue to have access to funds from their 49% minority shareholder under existing shareholder loan agreements (in conjunction with WEC's 51% contributions) to enable them to meet their debts as and when they fall due.

As the funding actions are yet to be completed, these conditions give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Directors believe that the Group will be successful in raising funds through one or more of the above actions 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 as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the 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(h)). A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the Parent.

Intercompany transactions, balances and unrealised gains on transactions between companies in the Group 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 interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and balance sheet respectively. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

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, joint venture 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 from contracts with customers

Revenue is measured at an amount that reflects the consideration to which the Group is or expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised when or as each performance obligation in the contract is satisfied in a manner that reflects the transfer of control to the customer of the goods or services promised. Indicators of control transferring include an unconditional obligation to pay, legal title, physical possession, transfer of risks and rewards and customer acceptance.

(i) Sampling services

Revenue from a contract to provide BCB technology sampling services is recognised at a point in time as the services are rendered and the benefits of this performance are simultaneously received by the customer. Revenue is recognised in the period the service is performed and is usually based on a fixed price for achieving a sampling service contract milestone e.g. delivery of a coal testing report.

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.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received, when the right to receive payment is established, or over the sub-lease term.

(f) 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 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.

(g) Leases

The Group has changed its accounting policy for leases. The new policy is described below and the impact of the change in Note 40.

The Group leases buildings for office space, land for its coal handling and preparation plant, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 15 years, but may have extension options. The Group also has leases of equipment with lease terms of 12 months or less and leases of office equipment with low-value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group's lease liabilities are included in trade and other payables. Lease liabilities relating to discontinued operations have been included in liabilities of disposal groups held for sale.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets and security bonds that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Payments made under short-term leases and leases of low-value assets are charged to profit or loss on a straight-line basis over the period of the lease.

For leases in which the Group acts as lessor, such as the sub-lease of offices, the Group assesses the classification of the sub-lease contracts with reference to the right-of-use asset presented as part of property, plant and equipment, rather than the underlying asset. The Brisbane office lease has been assessed to be classified as a finance lease. The Group's finance lease receivables are included in trade and other receivables.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

– Land	1 to 20 years
– Plant & equipment including buildings	1 to 20 years

Until 30 June 2019, leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership were classified as finance leases. The Group had no finance leases for the year ended 30 June 2019.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (Note 31(b)). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

(h) 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.

(i) 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.

(j) 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.

(k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The classification of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of recent year's sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables are presented as net impairment losses within profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(l) Inventory

Coal and other inventory is stated at the lower of cost and net realisable value. Costs are assigned based on the average cost per tonne of production or item of inventory and includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. The net realisable value is the estimated selling price in the ordinary course of business less an estimate of selling costs.

(m) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVPL)); and
- those to be measured at amortised cost. This category is not applicable to equity investments.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Generally, the Group does not acquire financial assets for the purpose of selling in the short-term. The Group's business model is primarily that of "Hold to collect", where assets are held in order to collect contractual cash flows. Refer *Measurement* sub-section below for further details on classification.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or FVOCI. For investments in equity instruments that are not held for trading or contingent consideration recognised in a business combination, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(iii) Measurement

At initial recognition, the Group's management determines the classification and measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest (SPPI).

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets ("Collect and sell"), where the assets' cash flows represent SPPI, are measured at FVOCI e.g. factored trade receivables. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the statement of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the Group applies the simplified approach permitted by AASB 9, which requires ECLs to be recognised from initial recognition of the receivables, refer to Note 1(k) for further details. The general approach is applied to all other financial assets.

The general approach incorporates a review for any significant increase in counterparty credit risk since inception. Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime ECLs that is attributable to a default event that is possible within the next 12 months after the reporting date. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the expected credit loss allowance is based on the asset's lifetime ECLs. The amount of ECLs recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The assessment of ECLs includes assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The assessment takes into account reasonable and supportable information that is relevant and available without undue cost or effort, and the use of credit enhancements e.g. letters of credit and guarantees.

Impairment testing of trade receivables is described in Note 1(k).

(o) 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 flow 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.

(p) Intangible assets

(i) Goodwill

Goodwill is measured as described in Note 1(i). The Group did not have any goodwill in the current or previous financial year. 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 (refer to Note 4).

(ii) BCB coal technology 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Intangible assets (continued)

(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. The asset was fully impaired as at 30 June 2017 and is no longer amortised.

(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. No amortisation has been charged as the asset is not available for use. The asset was fully impaired as at 30 June 2017 and will not be amortised.

(q) 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.

(r) 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.

(s) 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.

(t) 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 in the consolidated statement of comprehensive income as finance costs.

Reclamation provision

A provision is made for the expected reclamation costs relating to areas disturbed at mining properties where the Group is legally responsible for such reclamation costs for operations, exploration and development of mineral property activities that have taken place up to reporting date. Provision has been made based on current estimates of costs for site reclamation and remediation, discounted to their present value based on expected future cash flows. Changes in estimates are dealt with on a prospective basis as they arise.

At each reporting date the reclamation provision is remeasured in line with changes in discount rates and the timing or amount of reclamation costs to be incurred. Changes in the provision relating to changes in the estimated reclamation costs are added to or deducted from the reclamation cost asset in mineral properties within property, plant and equipment and the unwinding of the discount is recognised as a finance cost in the statement of comprehensive income as it occurs.

If the change results in a decrease in the provision that exceeds the carrying amount of the asset, the excess asset value is written down and the excess is recognised immediately in the statement of comprehensive income.

(u) 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. Information relating to these schemes is set out in Note 35.

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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) 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.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to equity owners 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 financial 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.

(x) Goods and Services Tax ('GST') and other similar taxes

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 the 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 in other receivables or other 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.

(y) 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.

(z) Parent Entity

Financial Information

The financial information for the Parent Entity, White Energy, disclosed in Note 39 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.

(aa) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets or disposal groups (groups of assets and liabilities) 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 assets 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. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities 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.

(ab) Comparatives

Comparative information has been reclassified where appropriate to enhance comparability.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 and 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 as at 30 June 2020:

- BCB coal technology license: is being amortised over the license term of 17.61 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.

An independent valuation of the BCB coal technology business prepared during the year ended 30 June 2020 supported the carrying value of the assets in the coal technology CGU. The carrying values of the intangible assets and details of the valuation methodology are disclosed in Note 14.

In addition to the intangible assets identified above, the coal technology CGU also includes items of plant and equipment and inventory against which an impairment charge was recognised in a previous financial year.

By their nature there is inherent uncertainty in the value of technology related assets such as the BCB coal technology and this uncertainty in the value will remain until such time as the BCB coal 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 coal technology. Refer to Note 14(a) for details of these assumptions.

In assessing whether the coal technology CGU's carrying value may not be recoverable, the potential impact of climate change risks and opportunities on demand for the BCB coal technology and the future cash flows modelled was considered. These were taken account when determining the industry risk measure input into the calculation of the discount rate applied to those future cash flows, and the input into the calculation of the discount rate to allow for the possibility of opportunities being delayed, not going ahead and the risk of contract terms being materially different than projected.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(a) Impairment of Assets (continued)

(ii) Mining exploration and cash generating unit (CGU)

Exploration expenditure is reviewed annually for impairment if events or changes in circumstances indicate the carrying value may not be recoverable or there is a reversal of a previous impairment. For each area of interest carried forward as an asset, at least one of the conditions set out in Note 1(m) must continue to be met. These conditions include whether the carried forward costs are expected to be recovered through successful development and exploitation of the area of interest or by its sale. Climate change risks and opportunities were included in this assessment. These risks and opportunities include the potential impact of climate change on forecast selling prices for thermal coal and gas and demand for these commodities.

If there are indicators of impairment or reversal of impairment, an exercise is undertaken to determine the recoverable amount in accordance with the accounting policy outlined in Note 1(i). The recoverable amount of the mining exploration CGU is determined based on fair value less costs of disposal calculations. These calculations require the use of assumptions.

An independent indicative valuation prepared during the year ended 30 June 2020 supported the carrying value of the assets in the mining exploration CGU. 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. It is also assumed the EL5719 licence will be renewed during the next financial year. Refer to Note 15(a) 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 includes capitalised costs of exploration, development and mining rights associated with those operations.

The Group is seeking to sell its interest in Mountainside Coal Company Inc., and at 30 June 2020 its assets and liabilities are classified as held for sale in the balance sheet and the results of its operations are disclosed as being from a discontinued operation.

The coal mining CGU is therefore carried at lower of carrying value or fair value less costs to sell in accordance with the accounting policy outlined in Note 1(ab).

The Directors have determined that the carrying value of the coal mining CGU exceeded its recoverable amount after considering indications of interest received from potential purchasers and fair value less costs of disposal calculations.

Given the intention to sell the coal mining CGU, the potential impact of future climate change risks were not considered in determining the assets recoverable amount. An impairment charge of $1,700,000 was made against property, plant and equipment as at 30 June 2020 (2019: $2,690,000). Refer to Note 12 for further details on the planned disposal and the carrying value of the coal mining CGU.

(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 (disclosed within liabilities of disposal groups held for sale) and assets classified as held for sale would have been $160,000 higher as at 30 June 2020 (2019: $132,000 higher).

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 $13,000 higher at balance date (2019 : $18,000).

(c) Going concern

The Group prepared this financial report on a going concern basis, which contemplates the realisation of its assets and settlement of its debts as and when they fall due and payable in the normal course of business, and that the Group will have access to additional funds in the next 12 months. Refer to Note 1(a)(vi).

(d) COVID-19 pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date as a result of the COVID-19 pandemic.

(e) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. For trade receivables it is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. For other receivables it is based on the expected credit losses over the next 12 months for a particular debtor.

3. 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 Singapore Dollar.

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. Functional currencies of Group entities include Australian Dollar, US Dollar and in the previous financial year South African Rand.

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. 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:

		2020 ($'000)			2019 ($'000)	
	USD	SGD	GBP	USD	SGD	GBP
Assets						
Cash and cash equivalents	123	–	–	148	–	–
Liabilities						
Trade and other payables - Current	(14)	(1,068)	(47)	(11)	(80)	(29)
Total assets / (liabilities)	109	(1,068)	(47)	137	(80)	(29)

Sensitivity

Based on the Group's foreign-denominated financial assets and liabilities above, had the relevant functional currency weakened/strengthened by 10% against the above currencies with all other variables held constant, the impact on the Group's profit and equity would be:

	2020 ($'000)		2019 ($'000)	
	+10%	-10%	+10%	-10%
AUD vs USD	(10)	12	(13)	15
AUD vs SGD	94	(115)	7	(9)
USD v SGD	1	(1)	1	(1)
USD v GBP	(5)	5	(3)	3

The analysis is conducted in relation to base exchange rates of: AUD/USD $0.6863 (2019: $0.7013); AUD/SGD $0.9576 (2019: $0.9492), USD/SGD $1.3953 (2019: $1.3535) and USD/GBP $0.8139 (2019: $0.7875).

(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. There were no coal sales in the 2020 and 2019 financial years.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(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 and related party loan drawdown is at a fixed rate.

The Group's exposure to interest rate risk for all classes of financial assets and liabilities, including financial assets and liabilities of disposal groups held for sale at 30 June 2020 is set out below:

As at 30 June 2020	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	10,463	–	–	123	10,586
Restricted cash	–	1,719	–	2,000	3,719
Trade and other receivables	–	–	–	651	651
Financial assets at fair value through profit or loss	–	–	–	15	15
Total financial assets	10,463	1,719	–	2,789	14,971
Financial liabilities					
Trade and other payables	–	(330)	(93,259)	(1,932)	(95,5221
Net financial assets / (liabilities)	10,463	1,389	(93,259)	857	(80,550)

As at 30 June 2019	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	4,907	–	–	148	5,055
Restricted cash	–	2,114	–	2,000	4,114
Trade and other receivables	–	–	–	526	526
Financial assets at fair value through profit or loss	–	–	–	50	50
Total financial assets	4,907	2,114	–	2,724	9,745
Financial liabilities					
Trade and other payables	–	(187)	(86,031)	(6,067)	(92,285)
Net financial assets / (liabilities)	4,907	1,927	(86,031)	(3,343)	(82,540)

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 $105,000 higher / $105,000 lower (2019 changes of 100 bps: $49,000 higher / $49,000 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 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. For other receivables, they have been assessed to be low credit risk based on a low risk of default and the debtors having a strong capacity to meet their contractual cash flow obligations in the near term.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. For all other receivables the general approach is applied to measuring expected credit losses expected which uses a 12 month loss allowance.

Further information on credit risk in relation to trade and other receivables including a detailed analysis of the Group's allowance for expected credit losses is provided in Note 10(a).

The carrying amount of financial assets, including the financial assets of disposal groups held for sale at 30 June 2020, represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2020 $'000	2019 $'000
Cash and cash equivalents	9 & 12	10,586	5,055
Trade and other receivables	10 & 12	671	546
Restricted cash	17 & 12	3,719	4,114
Financial assets at fair value through profit or loss	12	15	50
		14,991	9,765

(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.

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

(ii) Maturities of financial liabilities

The tables below analyse the Group's remaining contractual maturity for its financial liabilities held as at reporting date including the financial liabilities of disposal groups held for sale as at 30 June 2020.

The amounts disclosed in the table are the expected contracted undiscounted cash flows as the impact of discounting is not significant.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The contractual cash flows disclosed below as trade and other payables includes $102,062,000 (2019: $92,047,000) payable by non-wholly-owned subsidiaries to minority shareholders with a carrying amount of $91,785,000 (2019: $85,919,000). Further information on shareholder loans can be found in Note 21 and Note 22(a).

Contractual maturities of financial liabilities As at 30 June 2020	Less than 6 months $'000	Less than 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Non-derivatives					
Trade and other payables	**2,203**	**129**	**103,121**	**617**	**106,070**
Total non-derivatives	**2,203**	**129**	**103,121**	**617**	**106,070**

Contractual maturities of financial liabilities As at 30 June 2019	Less than 6 months $'000	Less than 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Non-derivatives					
Trade and other payables	6,165	114	92,145	–	98,424
Total non-derivatives	6,165	114	92,145	–	98,424

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 as outlined below.

The Board of Directors has identified three reportable business line segments: coal technology, coal mining and mining exploration.

The coal technology segment has the exclusive licence to patented BCB technology developed by the consortia led by CSIRO which processes relatively poor quality coal into a higher quality product. The Group sold its interest in South African subsidiary River Energy South Africa Pty Limited on 1 July 2019. The operations of this company and its subsidiaries are reported as a discontinued operation in the period ended 30 June 2020 and comparatives have been reclassified.

The coal mining segment reports the financial results of Mountainside Coal Company Inc. (MCC), which operates a series of coal mines in the USA. The Group commenced a process to sell its interest in MCC in June 2017. MCC's results are reported as a discontinued operation in the periods ended 30 June 2020 and 2019.

The mining exploration segment holds tenements near Coober Pedy, South Australia.

The Group's business 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 and mining exploration business lines.

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

(iii) South Africa and Mauritius (South Africa): The area of operation is the coal technology business line in the South African market. Currently undertaking marketing activities and feasibility studies.

(iv) United States (USA): Operating a series of coal mines in 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.

Segment information by product

Consolidated – 2020	Coal technology $'000	Mining exploration $'000	Coal mining $'000	Inter-segment $'000	Total $'000
Revenue					
Inter-segment revenue	6,063	–	322	(6,385)	–
Other income	1,305	–	229	–	1,534
Interest income	16	18	26	–	60
Total revenue	7384	18	577	(6,385)	1,594
EBITDA (*)	2,039	15	(1,395)	(6,163)	(5,504)
Depreciation	(23)	–	–	–	(23)
Amortisation	(2,494)	–	(671)	1,077	(2,088)
Interest expense	(1,324)	–	(7,284)	4,396	(4,212)
Other non-cash expenses	17,733	–	(1,700)	(18,900)	(2,867)
Foreign exchange gains	39	–	1	–	40
Discontinued operations	(17,783)	–	8161	16,104	6,482
Total loss before income tax	(1,813)	15	(2,888)	(3,486)	(8,172)
Income tax					–
Loss for the year					(8,172)

The segment information above can be further disaggregated by geographical area as outlined below:

Consolidated – 2020	Australia $'000	Asia $'000	South Africa $'000	USA $'000	UK $'000	Inter-segment $'000	Total $'000
Revenue							
Inter-segment revenue	6,063	–	–	–	322	(6,385)	–
Other income	1,305	–	–	229	–	–	1,534
Interest income	16	–	–	26	–	–	60
Total revenue	7,402	–	–	255	322	(6,385)	1,594
EBITDA (*)	2,142	(41)	(47)	(1,524)	129	(6,163)	(5,504)
Depreciation	(23)	–	–	–	–	–	(23)
Amortisation	(2,088)	–	(406)	–	(671)	1,077	(2,088)
Interest expense	(16)	–	(1,308)	(4,937)	(2,347)	4,396	(4,212)
Other non-cash expenses	(50)	–	17,783	(1,700)	–	(18,900)	(2,867)
Foreign exchange gains	39	–	–	–	1	–	40
Discontinued operations	–	–	(17,783)	8,161	–	16,104	6,482
Total loss before income tax	4	(41)	(1,761)	–	(2,888)	(3,486)	(8,172)
Income tax							–
Loss for the year							(8,172)

* EBITDA and loss for year includes income and expenses attributable to non-wholly-owned subsidiaries.

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Board of Directors (continued)

Segment information by product

Consolidated – 2019	Coal technology Total $'000	Mining exploration Australia $'000	Coal mining Total $'000	Inter-segment $'000	Total $'000
Revenue					
Inter-segment revenue	7,909	–	301	(8,210)	–
Other income	1,897	–	282	–	2,179
Interest income	37	–	–	–	37
Total revenue	9,843	–	583	(8,210)	2,216
EBITDA (*)	(3,719)	(2)	(2,692)	(9,573)	(8,548)
Depreciation	(802)	–	–	–	(802)
Amortisation	(1.997)	–	(629)	1,267	(1,997)
Interest expense	(1,420)	–	(6,613)	3,975	(4,058)
Foreign exchange gains	71	–	6	–	77
Impairment expense	–	–	(2,690)	–	(2,690)
Discontinued operations	1,162	–	9,923	(1,383)	9,702
Total loss before income tax	95	(2)	(2,695)	(5,714)	(8,316)
Income tax					–
Loss for the year					(8,316)

The segment information above can be further disaggregated by geographical area as outlined below:

Consolidated - 2019	Australia $'000	Asia $'000	South Africa $'000	USA $'000	UK $'000	Inter-segment $'000	Total $'000
Revenue							
Inter-segment revenue	7,909	–	–	–	301	(8,210)	–
Other income	1,802	–	95	282	–	–	2,179
Interest income	37	–	–	–	–	–	37
Total revenue	9,748	–	95	282	301	(8,210)	2,216
EBITDA (*)	4,528	(28)	(783)	(2,809)	117	(9,573)	(8,548)
Depreciation	(802)	–	–	–	–	–	(802)
Amortisation	(1,997)	–	(638)	–	(629)	1,267	(1,997)
Interest expense	(170)	–	(1,250)	(4,428)	(2,185)	3,975	(4,058)
Foreign exchange gains	71	–	–	4	2	–	77
Impairment expense	–	–	–	(2,690)	–	–	(2,690)
Discontinued operations	–	–	1,162	9,923	–	(1,383)	9,702
Total loss before income tax	1,630	(28)	(1,509)	–	(2,695)	(5,714)	(8,316)
Income tax							–
Loss for the year							(8,316)

* EBITDA and loss for year includes income and expenses attributable to non-wholly-owned subsidiaries.

(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:

	Consolidated	
	2020 $'000	2019 $'000
Total segment income	1,594	2,216
Exclude revenue from discontinued operations recognised in segment income	(255)	(377)
Total revenue from continuing operations	**1,339**	1,839

(ii) 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 for the year as follows:

	Consolidated	
	2020 $'000	2019 $'000
Loss for the year – segment information from continuing operations	8,172	8,316
Loss from discontinued operations	6,482	9,702
Consolidated net loss for the year	**14,654**	18,018

5. OTHER INCOME

	Consolidated	
	2020 $'000	2019 $'000
Gain on other payable extinguished	277	–
Gain on technology fee extinguished[(a)]	–	1,154
Government grant income[(b)]	–	326
Insurance recoveries[(c)]	813	–
Interest income calculated using the effective interest rate method	34	37
Award of litigation costs	–	93
Other items	215	229
Other income	**1,339**	1,839

(a) Gain on extinguished technology fee of $Nil (2019: $1,154,000) is for the waiver during the 2019 financial year of the interest accrued on the technology fee owing by subsidiary Binderless Coal Briquetting Company Pty Limited further to an amendment to extinguish the technology fee under the licence agreement to use Binderless Coal Briquetting technology worldwide.

(b) Government grant income of $Nil (2019: $326,000) was recognised by the Group during the 2019 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.

(c) Insurance recoveries of $813,000 (2019: $Nil) is for settlement of the insurance claim relating to the Company's Directors' & Officers insurance policy with insurers Allianz in relation to legal costs paid by the Company for Operation Jasper and subsequent court proceedings during prior periods (refer to Note 30(c)) .

6. EXPENSES

	Consolidated 2020 $'000	Consolidated 2019 $'000
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation expense		
Depreciation expense - Property, plant and equipment	23	802
Amortisation expense - Right-of-use assets - Buildings	91	–
Amortisation expense - Intangible assets	1,997	1,997
Total depreciation and amortisation expense	2,111	2,799
External advisory fees		
Consulting, external management and professional fees	506	785
Litigation costs	1,874	660
Total external advisory fees	2,380	1,445
Superannuation expense		
Defined contribution superannuation expense	143	160
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	1,615	2,230
Total employee benefits expense	1,758	2,390

7. INCOME TAX

	Consolidated 2020 $'000	Consolidated 2019 $'000
(a) Income tax credit		
Current tax	(1,625)	(1,829)
Deferred tax	1,583	881
Adjustments for current tax of prior periods	(2)	132
Adjustments for deferred tax of prior periods	44	816
Income tax	–	–
Deferred income tax (revenue) / expense included in income tax comprises:		
Decrease / (increase) in deferred tax assets (Note 16)	448	279
(Decrease) / increase in deferred tax liabilities (Note 23)	(448)	(279)
	–	–

	Consolidated 2020 $'000	2019 $'000
(b) Numerical reconciliation of income tax and tax at the statutory rate		
Loss before income tax from continuing operations	**(8,172)**	(8,316)
Loss before income tax from discontinued operations	**(6,482)**	(9,702)
	(14,654)	(18,018)
Tax at the statutory tax rate of 27.5%	**(4,030)**	(4,955)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible interest	**448**	887
Non-deductible legal fees	**521**	182
Sundry items	**(871)**	(4,054)
	(3,932)	(7,940)
Adjustments for current tax of prior periods	**(2)**	132
Difference in overseas tax rates	**1,191**	3,623
Adjustments for deferred tax of prior periods	**44**	816
Tax losses and timing differences not brought to account (refer to Note 7(c) and 7(d))	**2,699**	3,369
Income tax	**–**	–

	Consolidated 2020 $'000	2019 $'000
(c) Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	**241,019**	245,837
Potential tax benefit at statutory tax rates	**50,808**	53,140

The above potential tax benefit for tax losses has not been recognised in the balance sheet. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Included in the tax losses that have not been recognised in the balance sheet are tax losses of $7,279,000 (2019: $6,635,000) with a potential tax benefit of $1,091,888 (2019: $995,000) that expire over a five year period.

(d) Unrecognised temporary differences

	Consolidated 2020 $'000	2019 $'000
Temporary differences for which a deferred tax asset has not been recognised:		
Tax Losses	**241,019**	245,837
Unrealised foreign currency translation	**94,539**	91,213
	335,558	337,050
Unrecognised deferred tax assets relating to the above temporary differences	**76,806**	78,223

8. DISCONTINUED OPERATIONS

	Consolidated 2020 $'000	Consolidated 2019 $'000
Loss from discontinued operations		
Mountainside Coal Company Inc.[(a)]	(5,365)	(9,013)
River Energy South Africa Pty Limited and subsidiaries[(b)]	(1,117)	(689)
Total loss from discontinued operations	(6,482)	(9,702)

(a) Mountainside Coal Company Inc.

The Group is in the process of selling its 51% interest in Mountainside Coal Company Inc. (MCC), which operates coal mines in the USA. Negotiations to purchase the Group's interest are continuing. All of the assets of MCC have been presented as held for sale and liabilities of disposal groups held for sale as at 30 June 2020 and 30 June 2019 (refer to Notes 12 and 21) and the operating results of MCC's operations are reported as a discontinued operation for 2020 and 2019.

Financial information relating to the discontinued operation for the period is set out below (100%):

	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue	255	282
Net loss on sale of property, plant and equipment	–	(1,199)
Coal mining operations expenses	(671)	(1,417)
Employee benefits expense	(199)	(387)
Impairment expense - plant and equipment	(1,700)	(2,690)
External advisory fees	(80)	(178)
Occupancy expenses	(28)	(60)
Travel expenses	(23)	(22)
Accounting, tax and audit fees	(61)	(46)
Net foreign exchange gain	–	4
Revaluation of contingent consideration receivable	–	(272)
Other operating expenses	(560)	(945)
Finance costs	(2,298)	(2,083)
Total expenses	(5,620)	(9,295)
Loss before income tax	(5,365)	(9,013)
Income tax	–	–
Loss for the year from discontinued operations	(5,365)	(9,013)

Cash flow information:

	Consolidated	
	2020 $'000	2019 $'000
Net cash outflow from operating activities	(2963)	(7,158)
Net cash inflow from investing activities	434	4,325
Net cash inflow from financing activities	2468	3,237
Net increase in cash and cash equivalents from discontinued operations	(61)	404
Effect of exchange rate changes on cash and cash equivalents	17	20
Reclassification of cash of disposal groups held for sale	597	641

(b) River Energy South Africa Pty Limited and subsidiaries

On 1 July 2019, the Group disposed of its 51% interest in South African subsidiary River Energy South Africa Pty Limited (RESA). This included the Group's 51% interest in South African subsidiary River Energy Fine Coal Recovery Pty Ltd and its subsidiaries that form part of the coal technology South Africa segment. The operating results of RESA and its subsidiaries operations are reported as a discontinued operation at 30 June 2020 with the 2019 comparatives reclassified.

Financial information relating to the discontinued operation for the period is set out below (100%):

	Consolidated	
	2020 $'000	2019 $'000
Revenue	–	95
Net loss on sale of property, plant and equipment	–	24
Employee benefits expense	–	(426)
External advisory fees	–	(219)
Occupancy expenses	–	(49)
Travel expenses	–	(8)
Accounting, tax and audit fees	–	(19)
Other expenses	–	(46)
Finance costs	–	(41)
Total expenses	–	(689)
Loss before income tax	–	(689)
Income tax	–	–
Loss for the year from discontinued operations	–	(689)
Loss on disposal after income tax (refer to (c) below)	(1,117)	–
Loss for the year from discontinued operations	(1,117)	(689)

8. DISCONTINUED OPERATIONS (CONTINUED)

(b) River Energy South Africa Pty Limited and subsidiaries (continued)

Cash flow information:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Net cash outflow from operating activities	–	(630)
Net cash outflows/ inflows from investing activities	–	24
Net cash (outflow) / inflow from financing activities (2020 includes an outflow of $309,000 from the sale of the operation)	(309)	952
Net (decrease) / increase in cash generated by discontinued operations	(309)	346

(c) Details of the sale of River Energy South Africa Pty Limited and subsidiaries

The carrying amounts of assets and liabilities as at the date of sale (1 July 2019) sold for nominal cash consideration were:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash and cash equivalents	309	–
Trade and other receivables	61	–
Other assets	2	–
Total assets	372	–
Trade and other payables	1,636	–
Provisions	35	–
Other liabilities	1	–
Total liabilities	1,672	–
Net liabilities	(1,300)	–

Details of the disposal:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Carrying amount of net liabilities disposed	1,300	–
Reclassification of foreign currency translation reserve (refer to Note 26)	(1,717)	–
Reclassification of non-controlling interests	(638)	–
Disposal costs	(62)	–
Loss on disposal before income tax	(1,117)	–
Loss on disposal after income tax	(1,117)	–

9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2020 $'000	2019 $'000
Cash at bank and on hand	9,989	4,414
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	9,989	4,414
Cash and cash equivalents - classified as held for sale (Note 12)	597	641
Balance as per statement of cash flows	10,586	5,055

(a) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 3(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 2020 bank guarantees exist which have been issued as security for property bonds in the amount of $62,000 (2019: $62,000).

10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020 $'000	2019 $'000
Trade receivables	58	51
Less: Allowance for expected credit losses	(47)	(47)
	11	4
Other receivables	503	409
Finance lease receivables[e]	22	–
	536	413

(a) Allowance for expected credit losses

(i) Trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates from are based on the payment profiles of recent year's sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Allowance for expected credit losses (continued)

On that basis, the loss allowance was determined as follows for trade receivables:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2020 %	2019 %	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Not overdue	1%	1%	11	4	–	–
Over 6 months overdue	100%	100%	47	47	47	47
			58	51	47	47

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2020 $'000	2019 $'000
Opening balance	47	47
Closing balance	47	47

The creation and release of the allowance for expected credit losses has been included in other expenses in the statement of comprehensive income.

(ii) Other receivables

Other receivables at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Other receivables are considered to be low credit risk when they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The loss allowance as at 30 June 2020 was determined to be $Nil (2019: $Nil).

(b) 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 3.

(c) 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 3 for more information on the risk management policy of the Group.

(d) Risk exposure

The Group's exposure to credit risk is discussed in Note 3(b). The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

(e) Finance lease receivables arrangements

The Group sub-leases office building space. The Group has classified the subleases as finance leases from 1 July 2019, because the sub-leases were for the whole of the remaining term of the head lease. For adjustments recognised on adoption of AASB 16 on 1 July 2019, refer to Note 40.

Minimum lease payments receivable on finance leases, including the discounted lease payments to be received are as follows:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Within one year	22	–
Less: Future finance charges	–	–
Net recognised as assets	22	–
Finance lease receivables are presented in the balance sheet as follows: Finance lease receivables - current	22	–

Profit or loss information:

Total income earned from finance lease receivables during the year was $2,000 (2019: $Nil).

11. CURRENT ASSETS - OTHER ASSETS

	Consolidated 2020 $'000	Consolidated 2019 $'000
Prepayments	454	419
Deposits	20	22
	474	441

12. CURRENT ASSETS - ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The Group is in the process of selling its 51% interest in Mountainside Coal Company Inc. (MCC), which operates coal mines in the USA. Negotiations to purchase the Group's interest are continuing. All of the assets and liabilities of MCC have been presented as held for sale as at 30 June 2020 and 30 June 2019 (refer to Note 21). The operating results of MCC's operations have been reported as a discontinued operation for 2020 and 2019 (refer to Note 8).

MCC's assets at period end comprised (100%):

	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash and cash equivalents	597	641
Trade and other receivables	115	113
Financial assets at fair value through profit or loss (contingent consideration)	15	50
Prepayments	809	506
Property, plant and equipment(c)	10,662	9,904
Exploration assets	194	190
Restricted cash(a)	1,719	2,114
	14,111	13,518

12. CURRENT ASSETS - ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (CONTINUED)

(a) Restricted cash

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 Group.

(b) Coal mining CGU

The Group is currently seeking to sell its interest in Mountainside Coal Company Inc. The Directors have determined that the carrying value of the coal mining CGU exceeded its recoverable amount after considering indications of interest received from potential purchasers and fair value less costs of disposal calculations. An impairment charge of $1,700,000 was made against property, plant and equipment as at 30 June 2020 (2019: $2,690,000).

Further details of the coal mining CGU can be found in Note 2(a)(iii).

(c) Leases

(i) Property, plant and equipment - right-of-use assets

This note provides information for leases where MCC is a lessee. Until 30 June 2019, leases of property, plant and equipment were classified as either finance leases or operating leases, refer to Note 1(g) for details. The Group had no finance leases at 30 June 2019. From 1 July 2019, with the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. MCC leases land for its coal handling and preparation plant under agreements of 15 years with an option to extend by 5 years. The lease agreements do not contain any covenants other than the security interests in the leased assets held by the lessor.

Included in the carrying amount of property, plant and equipment are right-of-use assets as follows:

	Consolidated
	2020 $'000
Right-of-use assets	
Land	1,759

There were no additions to the right-of-use assets and no amortisation charge was recorded during the year. For adjustments recognised on adoption of AASB 16 on 1 July 2019, refer to Note 40.

(ii) Lease liabilities

Lease liabilities are presented in the balance sheet as follows (refer to Note 21):

	Consolidated
	2020 $'000
Lease liabilities - current	1,634

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities relating to land at 30 June 2020 is as follows:

	Consolidated
	2020 $'000
Less than one year	1,634

(iii) Profit or loss and cash flow information

The interest expense relating to leases included in finance costs for the year was $59,000.

The total cash outflow for leases in the year was $216,000.

13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2020 $'000	2019 $'000
Leasehold improvements - at cost or fair value	**154**	154
Less: Accumulated depreciation and impairment	**(154)**	(154)
	–	–
Plant and equipment - at cost or fair value	**15,926**	19,340
Less: Accumulated depreciation and impairment	**(15,916)**	(19,312)
	10	28
Right-of-use-assets - buildings -at cost	**114**	–
Less: Accumulated depreciation	**(91)**	–
	23	–
	33	28

Reconciliations

Reconciliations of the net book values are set out below:

	Consolidated			
	Plant and Equipment $'000	Leasehold improvements $'000	Right-of-use assets - Buildings* $'000	Total $'000
Balance at 1 July 2018	830	–	–	830
Depreciation expense	(802)	–	–	(802)
Balance at 30 June 2019	28	–	–	28
Additions	5	–	–	5
Recognised on adoption of AASB 16 on 1 July 2019*	–	–	114	114
Amortisation of assets	–	–	(91)	(91)
Depreciation expense	(23)	–	–	(23)
Balance at 30 June 2020	**10**	**–**	**23**	**33**

* For adjustments recognised on adoption of AASB 16 on 1 July 2019, refer to Note 40.

(a) Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, refer to Note 10(e). Until 30 June 2019, leases of property, plant and equipment were classified as either finance leases or operating leases, refer to Note 40 for details. The Group had no finance leases at 30 June 2019. From 1 July 2019, with the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

(i) Right-of-use assets

The Group leases a building for its office space under an agreement of 3 years. The lease agreement does not contain any covenants other than a security bond and a security interest in the building held by the lessor. Leased assets may not be used as security for borrowing purposes.

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(ii) Lease liabilities

Lease liabilities are presented in the balance sheet as follows:

	Consolidated
	2020 $'000
Current	55

The lease liabilities are secured by the related underlying assets and a security bond. The undiscounted maturity analysis of lease liabilities relating to Buildings at 30 June 2020 is as follows:

Less than one year	55

(iii) Lease liabilities not recognised as a liability

The Group does not recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expenses on a straight-line basis. In addition certain variable lease payments are not permitted to be recognised as lease liabilities and are expenses as incurred.

The expenses relating to payments not included in the lease liability are as follows:

Short-term leases (included in plant operating costs)	20
Leases of low-value assets (included in other expenses)	4
	24

(iv) Profit or loss and cash flow information

The interest expense in relation to leasing liabilities included in finance costs for the year was $7,000.

The total cash outflow for leases in the year was $174,000.

There have been no sale and lease back transactions in the current year.

14. NON-CURRENT ASSETS – INTANGIBLES

	Consolidated	
	2020 $'000	2019 $'000
BCB coal technology licence - at cost	55,983	55,983
Less: Accumulated amortisation and impairment	(48,774)	(46,777)
	7,209	9,206

Reconciliations

Reconciliation of the net book values are set out below:

	Consolidated
	BCB coal technology licence $'000
Balance at 1 July 2018	11,203
Amortisation expense	(1,997)
Balance at 30 June 2019	9,206
Amortisation expense(1)	(1,997)
Balance at 30 June 2020	**7,209**

(1) Amortisation expense
Amortisation of $1,997,000 (2019:$1,997,000) is included in the depreciation and amortisation expense in the statement of comprehensive income. The BCB coal technology licence has a finite life and is amortised over its useful life of 17.6 years.

(a) Key assumptions used for impairment assessments and calculations

The intangible assets form part of the coal technology cash generating unit (CGU).

Coal technology CGU

As in prior years, the Company appointed an independent valuation firm to perform a valuation of the recoverable amount of the Company's coal technology assets. The valuation concluded that the recoverable amount exceeded the 30 June 2020 carrying value of $7,209,000.

The valuation was performed with reference to the net present value of opportunities for deployment of the binderless coal briquetting technology being pursued by the Group. The Group has several identified opportunities which it is progressing, enabling the valuer to utilise discounted cash flow projections of these specific projects as the foundation to the valuation. Building on this, the valuer then ascribed risk discounts to allow for the probability of the opportunities being delayed, not going ahead and the risk of contract terms being materially different than projected, and then extrapolated those values across the broader market for the BCB coal technology.

The recoverable amount of the coal technology CGU was determined based on fair value less costs of disposal calculations and is classified as a level 3 fair value.

A post-tax discount rate of 15% p.a. (2019: 13% p.a.) was used in the discounted cash flow model. Other key assumptions in determining the discounted cash flows include capital costs for the initial establishment of the technology at the customer's premises, revenue and fixed operating costs per tonne of coal processed. The valuer assumed several projects on this basis. This was converted at an USD / AUD exchange rate of $0.69. No reasonably possible changes in key assumptions would impact the carrying value of the BCB coal technology assets.

Further information on the coal technology CGU can be found in Note 2(a)(i). In addition to the intangible assets identified above, the coal technology CGU also includes items of plant and equipment and inventory against which an impairment charge was recognised in a previous financial year.

15. NON-CURRENT ASSETS – EXPLORATION ASSETS

Reconciliations

Reconciliations of exploration assets carrying amounts are set out below:

	Consolidated			
	Coober Pedy EL5719 (a)	Coober Pedy EL5719	Coober Pedy PELA674	
	Exploration tenements $'000	Exploration rights $'000	Exploration tenement $'000	Total $'000
Balance at 1 July 2018	7,600	2,690	–	10,290
Expenditure during the year	49	–	4	53
Balance at 30 June 2019	7,649	2,690	4	10,343
Expenditure during the year	36	–	–	36
Balance at 30 June 2020	**7,685**	**2,690**	**4**	**10,379**

Key assumptions used for impairment assessments and calculations

(a) 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, and PELA674 located immediately south of EL5719 with exploration potential for petroleum and hydrocarbon minerals (EL5719 and PELA674 are referred to together as EL5719 below).

The Company appointed an independent valuation firm to perform an indicative valuation of the recoverable amount of the Company's exploration assets. The valuation concluded that the recoverable amount supported the 30 June 2020 carrying value of $10,379,000.

The recoverable amount determined by the valuer was based on fair value less costs to sell calculations that gave a range of indicative values which represent the estimated 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.

The indicative valuation was performed with reference to a number of valuation techniques which included:

(i) The price that would be paid for EL5719 in an arm's length transaction was determined on a value per tonne of resources basis. The value per tonne of resources was primarily calculated with reference to the development potential of EL5719, in particular the opportunity to supply coal gasification products to the domestic energy market. This value per tonne was then adjusted for changes to the market value of listed companies with early stage coal gasification development projects, expected costs to develop EL5719, and the general characteristics of the coal quality and infrastructure present at EL5719; and

(ii) An assessment of the prospectivity to date for other minerals, which was applied as a multiplier to relevant and effective past exploration expenditure on EL5719.

The recoverable amount of the exploration assets CGU was determined based on fair value less costs of disposal calculations and is classified as a level 3 fair value.

In prior years, the EL5719 carrying value has been written down to equal the estimated recoverable value. Any further adverse change to the coal and gas markets would impact the recoverable amount and could result in the carrying amount to exceed the recoverable amount. For example, if the value per tonne of resources assumption was 10% higher the recoverable amount would increase by $600,000 and if the value per tonne of resource assumption was 10% lower the recoverable amount would decrease by $600,000.

No impairment or reversal of impairment was identified in the review of exploration expenditure undertaken during the years ended 30 June 2020 and 2019. Further information on the mining exploration CGU can be found in Note 2(a)(ii).

16. NON-CURRENT ASSETS – DEFERRED TAX

	Consolidated	
	2020 $'000	**2019 $'000**
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses - other	**37,682**	40,791
Tax losses - disposal groups held for sale - MCC [(a)]	**13,126**	12,349
Other deferred tax assets - disposal groups held for sale - MCC [(a)]	**11,366**	8,972
Property, plant and equipment	**1,235**	1,236
Intangibles	**2,740**	2,978
Trade and other liabilities	**1,766**	2,236
Trade and other receivables	**2,289**	2,289
Other	**51**	–
	70,255	70,851
Deferred tax assets not brought to account:		
Tax losses	**(50,808)**	(53,140)
Other	**(15,819)**	(14,531)
Set-off of deferred tax liabilities pursuant to set-off provisions (refer to Note 23)	**(3,628)**	(3,180)
	(70,255)	(70,851)
Net deferred tax assets	**–**	–
Deferred tax assets expected to be recovered within 12 months	**3,177**	2,987
Deferred tax assets expected to be recovered after more than 12 months	**451**	193
	3,628	3,180
Movements:		
Opening balance	**3,180**	3,459
Other deferred tax assets - disposal groups held for sale - MCC [(a)]	402	(127)
Property, plant and equipment	**–**	(127)
Intangibles	**(238)**	(238)
Trade and other payables	**(470)**	(217)
Other balances and transactions	**51**	–
Other deferred tax balances not brought to account	**703**	430
Closing balance	**3,628**	3,180

(a) Deferred tax assets – disposal groups held for sale – MCC

Further information on MCC's related assets classified as held for sale and liabilities of disposal groups held for sale is set out in Notes 12 and 21.

17. NON-CURRENT ASSETS – RESTRICTED CASH

	Consolidated 2020 $'000	Consolidated 2019 $'000
Restricted cash - security bond [(a)]	**2,000**	2,000

(a) Restricted cash – security bond

The Supreme Court of Western Australia holds a $2,000,000 security bond from the Company, on behalf of its subsidiary BCBC Singapore Pte Ltd, in support of freezing orders made against Bayan Resources Tbk's shareholding in Kangaroo Resources Limited.

18. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2020 $'000	Consolidated 2019 $'000
Trade payables	**1,209**	634
Accrued licence fee and related interest [(a)]	**–**	3,200
Lease liabilities [(b)]	**55**	–
Other payables	**295**	1,241
	1,559	5,075

(a) Accrued licence fee and related interest

The accrued licence fee as at 30 June 2019 of $3,200,000 represents the technology fee owing by subsidiary Binderless Coal Briquetting Company Pty Ltd under the licence agreement to use Binderless Coal Briquetting technology worldwide.

(b) Lease Liabilities

For information on the Group's leasing activities refer to Note 12(a).

(c) Risk Exposure

Information about the Group's exposure to foreign exchange risk is provided in Note 3(a)(i).

(d) Reconciliation of liabilities arising from financing activities

2020	Loans from shareholders (i) $'000	Lease Liability (iii) $'000	Other payable (ii) $'000	Financing liabilities total $'000
Opening balance	67,527	–	299	67,826
Foreign exchange movement	1,407	(36)	11	1,382
Other non-cash changes	–	2,025	(17)	2,008
Cash flows	1,589	(300)	(178)	1,111
Carrying amount of liabilities disposed	(1,512)	–	–	(1,512)
Closing balance	69,011	1,689	115	70,815

2019	Loans from related parties $'000	Loans from shareholders (i) $'000	Other payable (ii) $'000	Financing liabilities total $'000
Opening balance	3,000	61,713	–	64,713
Foreign exchange movement	–	3,382	6	3,388
Other non-cash changes	–	–	367	367
Cash flows	(3,000)	2,432	(74)	(642)
Closing balance	–	67,527	299	67,826

(i) Closing loans from shareholders as at 30 June 2020 includes loans of $36,592,000 (2019: $34,519,000) from Note 21 which have been classified as held for sale, and loans of $32,419,000 (2019: $33,008,000) from Note 22 classified as non-current.

(ii) Closing other payables as at 30 June 2020 includes a loan of $115,000 (2019: $299,000) from Note 21 which has been classified as held for sale.

19. CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	2020 $'000	2019 $'000
Employee provisions [a]	**463**	758

Movements in provisions during the year ended 30 June 2020 are set out below:

Consolidated - 30 June 2020	Employee $'000
Carrying amount at the start of the year	**758**
Amounts transferred from non-current (refer to Note 24)	**82**
Amounts used	**(387)**
Disposed of with subsidiary undertakings	**(35)**
Unused amounts reversed	**45**
Carrying amount at the end of the year	**463**

(a) 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.

The Company expects all annual leave to be taken within 12 months of the respective service being provided, so annual leave obligations are classified as short-term employee benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

20. CURRENT LIABILITIES - OTHER LIABILITIES

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deferred income - rental income (non-lease components)	7	47
Deferred income - other	17	–
	24	47

21. CURRENT LIABILITIES - LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The Group is in the process of selling its 51% interest in Mountainside Coal Company Inc. (MCC), which operates coal mines in the USA. Negotiations to purchase the Group's interest are continuing. All of the assets and liabilities of MCC have been presented as held for sale as at 30 June 2020 and 30 June 2019 (refer to Note 12). The operating results of MCC's operations have been reported as a discontinued operation for 2020 and 2019 (refer to Note 8).

MCC's liabilities at period end comprised (100%):

	Consolidated 2020 $'000	Consolidated 2019 $'000
Trade payables	164	837
Other payables	379	454
Loans from shareholders - Black River	36,592	34,519
Accrued interest on shareholder loans - Black River	10,621	8,264
Lease liabilities [(b)]	1,634	–
Provisions [(a)]	1,600	1,320
	50,990	45,394

(a) Reclamation provision

	2020 $'000	2019 $'000
Movement in reclamation provision:		
Carrying value at the start of the year	1,320	1,322
Additional provision raised	423	203
Amounts used	(166)	(246)
Unused amounts reversed	–	(29)
Exchange differences	23	70
Carrying value at the end of the year	1,600	1,320

The Group recognises a reclamation provision for the expected costs of reclamation at mining properties where the Group is legally responsible for such reclamation costs. Reclamation provisions arise from the Group's obligations to undertake site reclamation and remediation in connection with the ongoing operations, exploration and development of mineral properties. The Group 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.

(b) Lease Liabilities

The lease liabilities are secured by the related underlying assets. Refer to Note 12(c) for further information on MCC's leasing activities.

22. NON-CURRENT LIABILITIES - OTHER PAYABLES

	Consolidated	
	2020 $'000	2019 $'000
Loans from shareholders - Black River [(a)]	32,419	33,008
Accrued interest on shareholder loans - Black River [(a)]	12,153	10,128
	44,572	43,136

Refer to Note 3 for further information on financial risk management.

(a) Loans from shareholders

White Energy and the 49% 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 49% 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.

Loans from minority shareholders to Mountainside Coal Company are not included in this note as Mountainside Coal Company is being offered for sale as at balance date (refer Note 21).

23. NON-CURRENT LIABILITIES - DEFERRED TAX

	Consolidated	
	2020 $'000	2019 $'000
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Exploration assets recognised on the acquisition of South Australian Coal Limited [(a)]	1,464	1,464
Other capitalised exploration assets	1,390	1,380
Other balances and transactions	353	323
Deferred tax liabilities of disposal groups held for sale - MCC [(b)]	415	13
Property, plant and equipment - right-of-use assets	6	–
	3,628	3,180
Set-off of deferred tax assets pursuant to set-off provisions (refer to Note 16)	(3,628)	(3,180)
Net deferred tax liabilities	–	–
Deferred tax liabilities expected to be settled within 12 months	421	13
Deferred tax liabilities expected to be settled after more than 12 months	3,207	3,167
	3,628	3,180

23. NON-CURRENT LIABILITIES - DEFERRED TAX (CONTINUED)

	Consolidated	
	2020 $'000	2019 $'000
Movements:		
Opening balance	3,180	3,459
Other capitalised exploration assets	10	15
Property, plant and equipment - right-of-use assets	6	–
Other balances and transactions	30	(167)
Deferred tax liabilities of disposal groups held for sale - MCC [b]	402	(127)
Closing balance	3,628	3,180

(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

Further information on MCC's related assets classified as held for sale and liabilities of disposal groups held for sale is set out in Notes 12 and 21.

24. NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	2020 $'000	2019 $'000
Employee provisions [a]	284	366

(a) 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.

The company expects all annual leave to be taken within 12 months of the respective service being provided, so annual leave obligations are classified as short-term employee benefits.

Movements in employee provisions during the year ended 30 June 2020 are set out below:

Consolidated - 30 June 2020	Employee $'000
Carrying amount at the start of the year	366
Amounts transferred to current (refer to Note 19)	(82)
Carrying amount at the end of the year	284

25. EQUITY - CONTRIBUTED EQUITY

	Consolidated			
	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid[(a)]	**774,478,719**	516,318,597	**521,337**	**506,337**

(a) Ordinary shares – fully paid

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. Ordinary shares have no par value.

(b) Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2018	328,374,494		493,476
Share issue under Entitlement Offer[(i)]	16 November 2018	147,944,103	$0.070	10,356
Share issue under Entitlement Offer shortfall placement [(i)]	3 December 2018	20,000,000	$0.070	1,400
Share issue under placement[(i)]	12 March 2019	20,000,000	$0.070	1,400
Less: Transaction costs arising on share issues		–	$0.000	(295)
Balance	30 June 2019	516,318,597		506,337
Share issue under Entitlement Offer[(i)]	20 April 2020	258,160,122	$0.600	15,490
Less: Transaction costs arising on share issues		–	$0.000	(490)
Balance	30 June 2020	774,478,719		521,337

(i) Issue of ordinary shares

On 20 April 2020, 258,160,122 shares were issued to current shareholders under a pro rata issue Entitlement Offer under Listing Rule 7.2 Exception 1, at $0.06 per share raising a total of $15,489,607. Of these shares, 157,121,222 shares were issued to related parties (4 directors) under Listing Rule 10.12 Exception 1.

On 16 November 2018, 147,944,103 shares were issued to current shareholders under a pro rata issue Entitlement Offer under Listing Rule 7.2 Exception 1, at $0.07 per share raising a total of $10,356,087. Of these shares, 79,493,151 shares were issued to related parties (5 directors) under Listing Rule 10.12 Exception 1.

On 3 December 2018, 20,000,000 shares were issued to a current shareholder to make up a shortfall under a pro rata issue Entitlement Offer under Listing Rule 7.2 Exception 3, at $0.07 per share raising a total of $1,400,000.

On 12 March 2019, 20,000,000 shares were issued to a current shareholder as a placement under Listing Rule 7.1A, at $0.07 per share raising a total of $1,400,000.

(c) Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum 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 paid to shareholders, return capital to shareholders or issue new shares.

The capital risk management policy remains unchanged from the 2019 Annual Report.

26. EQUITY - RESERVES

	Consolidated 2020 $'000	Consolidated 2019 $'000
Foreign currency translation[(i)]	**(17,506)**	(19,227)
Share-based payments[(ii)]	**7,062**	7,012
	(10,444)	**(12,215)**

(a) Nature and purpose of reserves

(i) Foreign currency translation

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 or loss portion of the statement of comprehensive income when the investment is disposed of.

(ii) Share-based payments

The share-based payments reserve is used to recognise:

– the grant date fair value of options issued to employees but not exercised
– the grant date fair value of incentive rights issued to employees but shares are not yet issued.

The share-based payments reserve does not include the fair value of options and incentive rights which have lapsed as a result of a non-market related service condition not being met.

(b) Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payments $'000	Foreign currency translation $'000	Total $'000
Balance at 1 July 2018	7,012	(19,769)	(12,757)
Foreign currency translation differences arising during the year	–	549	549
Transactions with non-controlling interests (refer to Note 33)	–	(7)	(7)
Balance at 30 June 2019	7,012	(19,227)	(12,215)
Foreign currency translation differences arising during the year	–	4	4
Disposed of with subsidiary undertakings (refer to Note 8(c))	–	1,717	1,717
Incentive rights expense	50	–	50
Balance at 30 June 2020	**7,062**	**(17,506)**	**(10,444)**

27. EQUITY - ACCUMULATED LOSSES

	Consolidated 2020 $'000	Consolidated 2019 $'000
Accumulated losses at the beginning of the financial year	**(485,725)**	(475,244)
Loss attributable to members of White Energy	**(8,710)**	(9,971)
Transactions with non-controlling interests (refer to Note 33)	**–**	(510)
Accumulated losses at the end of the financial year	**(494,435)**	(485,725)

28. EQUITY - NON-CONTROLLING INTERESTS

	Consolidated	
	2020 $'000	2019 $'000
Share capital	**9,071**	9,071
Reserves	**(3,065)**	(3,224)
Accumulated losses	**(75,625)**	(68,657)
	(69,619)	(62,810)

29. REMUNERATION OF AUDITORS

During the financial 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:

	Consolidated	
	2020 $	2019 $
(a) PricewaterhouseCoopers Australia		
(i) Audit and other assurance services[(1)]		
Audit or review of the financial statements	**256,219**	315,825
Total remuneration of PricewaterhouseCoopers Australia	**256,219**	315,825
(b) Network firms of PricewaterhouseCoopers Australia		
(i) Audit and other assurance services		
Audit or review of the financial statements	**–**	78,596
(ii) Taxation Services		
Tax Compliance services	**60,040**	45,205
Total remuneration of related practices of PricewaterhouseCoopers Australia	**60,040**	123,801
Audit services - unrelated firms		
Audit or review of the financial statements	**33,519**	–
Total remuneration of unrelated firms	**33,519**	–
Total auditor's remuneration	**349,778**	439,626

(1) The audit or review of the financial statements fee for the year ended 30 June 2020 includes $1,573 (2019: $41, 000) that relates to the prior period.

It is the Group's policy to employ PwC on assignments additional to their statutory audit duties where PwC's expertise and experience within 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.

30. CONTINGENCIES

(a) 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 (SICC). The proceedings relate to various disputed matters arising in connection with the company PT Kaltim Supacoal (KSC), which was jointly owned by BCBCS and Bayan, and 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 against the White Energy Group in these proceedings.

The SICC handed down its judgement on Tranche Two of the proceedings in July 2017 and found in favour of BCBCS and BCBC on substantially all of the matters considered. A notice of appeal against substantially the whole of the SICC's findings against Bayan in the Tranche Two judgement was subsequently filed by Bayan in August 2017. The appeal was heard by the Singapore Court of Appeal (CA) in February 2018 and the judgement was handed down on 29 August 2018. The CA dismissed substantially the whole of Bayan's appeal. The CA remitted to the SICC for its determination a narrow question regarding causation, being whether BCBCS had the ability to fund the KSC joint venture by itself.

The SICC handed down its judgement on the remitted issue on 9 January 2019 and ruled in favour of BCBCS and BCBC and held that BCBCS had the financial ability to fund the KSC joint venture until the completion of commission and testing at the Tabang Plant or until June 2012.

On 16 January 2019, Bayan filed a notice of appeal against the whole of the decision of the SICC in regards to the remitted issue. The appeal was heard by the SICC on 10 July 2019. Bayan's appeal was unanimously dismissed immediately following the hearing.

Tranche Three of the proceedings is being heard by the SICC from 21 to 30 September, where damages and loss arising from Bayan's breaches and repudiation of the joint venture will be determined.

The claim for damages can be broadly summarised as follows:

i. BCBCS claims for wasted expenditure, being expenses incurred by BCBCS which were rendered futile by reason of Bayan's breach and repudiation of the joint venture;
ii. further, BCBCS claims for loss of the chance of expanding the capacity of the joint venture to at least 3 million tonnes per annum; and
iii. interest on any damages award and costs.

(b) Contingencies – Former employee legal dispute

White Energy's wholly owned subsidiary, Mountainside Coal Company Inc. (MCC), has been engaged in legal proceedings brought against it in the 2015 financial year related to disputed matters arising from a layoff of an employee that occurred in 2015. MCC may be liable for costs should a court ultimately decide to award costs and damages against MCC. Depositions are being provided and there is no fixed trial date.

(c) Contingent liabilities and assets- Indemnity and insurance claims

During December 2019, a claim made under the Company's Directors' & Officers insurance policy with the insurer Allianz was settled in relation to legal costs incurred for certain Directors and former Directors of the Company that had participated in an ICAC public inquiry (Operation Jasper) during prior periods. Under the terms of the settlement's Deed of Release there are no longer any outstanding claims.

31. COMMITMENTS

(a) Exploration work

Under the terms of exploration license EL5719, White Energy's wholly-owned subsidiary, South Australian Coal Pty Ltd (SAC) has certain obligations to perform minimum exploration work and incur minimum expenditure of $2,317,000 (30 June 2019: $2,317,000) on the area by 8 August 2020. As at 30 June 2020, $1,487,000 remains to be expended (30 June 2019: $1,543,000).

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 19 December 2021. 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) 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.

From 1 July 2019, the Group has recognised right-of-use assets for these leases, see Note 13(a) and Note 40 for further information.

	Consolidated	
	2020 $'000	2019 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	–	357
One to five years	–	884
More than five years	–	1,035
	–	2,276

32. RELATED PARTY TRANSACTIONS

(a) Parent entity

White Energy Company Limited is the parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 33.

(c) Key Management Personnel Compensation

	2020 $	2019 $
Short-term employee benefits	**1,011,407**	991,596
Post employment benefits	**49,387**	72,023
Total	**1,060,794**	1,063,619

Detailed remuneration disclosures relating to key management personnel are provided in the remuneration report included in the Directors' report on pages 14 to 32.

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Other Transactions with Key Management Personnel

During the year ended 30 June 2020 employee benefits of $118,174 (2019: $111,975) were paid to Andromeda Neale, who is related to Travers Duncan, the Chairman of White Energy. This arrangement is based on normal commercial terms and conditions and at the prevailing market rate for a person of her skill and experience.

Brian Flannery, the Managing Director of White Energy, leases some commercial 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, Ilwella Pty Ltd and KTQ Developments Pty Ltd for $139,249 (2019: $97,554). This arrangement is based on normal commercial terms and conditions and at the prevailing market rate.

During the year ended 30 June 2020, Brian Flannery and Travers Duncan, reimbursed the Company for some geological work conducted for their private company Rockland Resources Pty Limited for $20,800 (2019: $13,600). This arrangement is based on normal commercial terms and conditions and at the prevailing market rate.

During the year ended 30 June 2020, Brian Flannery and Travers Duncan, were each paid a underwriting fee to underwrite the Company's Entitlement Offer of $155,071 (2019: $Nil) through their private companies Ilwella Pty Ltd and Gaffwick Pty Ltd atf Duncan Family Trust respectively. The underwriting agreements are based on normal commercial terms and conditions.

During the year ended 30 June 2019, Brian Flannery and Travers Duncan each loaned the Company $750,000 through their private companies and Ilwella Pty Ltd and Gaffwick Pty Ltd atf Duncan Family Trust respectively. The loans were repaid during the 2019 financial year.

The amounts disclosed in the Group's financial statements as loans from related parties are the amounts lent by key management personnel and were due for repayment by the Company within one year after they were advanced or on demand. The loans were not secured. The loan's agreements were based on normal commercial terms and conditions and included interest at a market rate.

(e) Loans from related parties

	2020 $'000	2019 $'000
Loans from Black River		
Movements:		
Beginning of the year	**85,919**	75,592
Loans advanced	**1,589**	3,829
Loans repaid	**–**	(1,397)
Interest charged	**4,121**	3,813
Interest repaid	**–**	(124)
Exchange rate movement	**1,720**	4,206
Disposed with subsidiaries undertakings	**(1,564)**	–
End of year	**91,785**	85,919
Loans from Key Management Personnel		
Movements:		
Beginning of the year	**–**	3,021
Loans advanced	**–**	1,500
Loans repaid	**–**	(4,500)
Interest charged	**–**	152
Interest paid	**–**	(173)
End of the year	**–**	–

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 $62,000 (2019: $62,000).

33. INTERESTS IN SUBSIDIARIES

(a) Principal 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 2020 are set out below:

Name	Country of incorporation / Principal place of business - Principal activities	Ownership interest held by the Group[1] 2020 %	2019 %
Amerod Exploration Pty Ltd	Australia - Mining investment	**100.00%**	100.00%
White Energy Technology Limited	Australia - Coal technology	**100.00%**	100.00%
Binderless Coal Briquetting Company Pty Limited	Australia - Coal technology	**100.00%**	100.00%
South Australian Coal Pty Ltd	Australia - Mining exploration	**100.00%**	100.00%
White Energy Coal North American Inc.	USA - Coal technology	**100.00%**	100.00%
BCBC Singapore Pte Ltd	Singapore - Coal technology	**100.00%**	100.00%
River Energy JV UK Limited	United Kingdom - Coal technology	**51.00%**	51.00%
Mountainside Coal Company Inc.	USA - Coal mining	**51.00%**	51.00%
River Energy JV Limited	Mauritius - Coal technology	**51.00%**	51.00%
River Energy South Africa Pty Limited[2]	South Africa - Coal technology	–	51.00%
River Energy Fine Coal Recovery Pty Ltd[2]	South Africa - Coal technology	–	51.00%

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

(2) On 1 July 2019 the Group disposed of its 51% interest in South African subsidiary River Energy South Africa Pty Limited. This included the Group's 51% interest in South African subsidiary River Energy Fine Coal Recovery Pty Ltd.

(b) Non-controlling interests (NCI)

Summarised financial information for the Group's principal non-controlling interests in subsidiaries is set out below. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised Balance sheet	River Energy JV UK Limited 2020 $'000	River Energy JV UK Limited 2019 $'000	River Energy JV Limited 2020 $'000	River Energy JV Limited 2019 $'000	River Energy South Africa Pty Limited[1] 2020 $'000	River Energy South Africa Pty Limited 2019 $'000	River Energy Fine Coal Recovery Pty Ltd[1] 2020 $'000	River Energy Fine Coal Recovery Pty Ltd 2019 $'000
Total assets	**3,292**	4,193	**2,276**	3,015	–	1,500	–	21
Total liabilities	**(53,687)**	(50,353)	**(31,705)**	(29,570)	–	(18,829)	–	(3,216)
Net assets/ (liabilities)	**(50,395)**	(46,160)	**(29,429)**	(26,555)	–	(17,329)	–	(3,195)
Accumulated non-controlling interests	**(20,521)**	(18,446)	**(14,609)**	(13,201)	–	(8,367)	–	(2,214)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

33. INTERESTS IN SUBSIDIARIES (CONTINUED)

(b) Non-controlling interests (NCI) (continued)

Summarised statement of comprehensive income	River Energy JV UK Limited 2020 $'000	River Energy JV UK Limited 2019 $'000	River Energy JV Limited 2020 $'000	River Energy JV Limited 2019 $'000	River Energy South Africa Pty Limited[1] 2020 $'000	River Energy South Africa Pty Limited 2019 $'000	River Energy Fine Coal Recovery Pty Ltd[1] 2020 $'000	River Energy Fine Coal Recovery Pty Ltd 2019 $'000
Loss allocated to non-controlling interests	**(1,616)**	(2,196)	**(1,149)**	(1,921)	**–**	(827)	**–**	(224)

Summarised Cash flows	River Energy JV UK Limited 2020	River Energy JV UK Limited 2019	River Energy JV Limited 2020	River Energy JV Limited 2019	River Energy South Africa Pty Limited[1] 2020	River Energy South Africa Pty Limited 2019	River Energy Fine Coal Recovery Pty Ltd[1] 2020	River Energy Fine Coal Recovery Pty Ltd 2019
Cash flows from operating activities	**(509)**	(9)	**(212)**	(49)	**–**	(1,144)	**–**	(434)
Cash flows from investing activities	**–**	–	**–**	(780)	**(289)**	–	**(20)**	24
Cash flows from financing activities	**270**	82	**313**	780	**–**	2,387	**–**	428
Net increase/ (decrease) in cash and cash equivalents	**(239)**	73	**101**	(49)	**(289)**	1,243	**(20)**	18

(1) On 1 July 2019 the Group disposed of its 51% interest in South African subsidiary River Energy South Africa Pty Limited. This included the Group's 51% interest in South African subsidiary River Energy Fine Coal Recovery Pty Ltd.

34. DEED OF CROSS GUARANTEE

White Energy Company Limited, White Energy Technology Limited and its subsidiaries Binderless Coal Briquetting Company Pty Limited, Coking BCB Pty Limited, White Investments North America Pty Limited and White Manufacturing Pty Limited 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 *ASIC Corporations (Wholly-owned companies) Instrument 2016/785* (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Instrument, 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'.

Consolidated statement of comprehensive income and summary of movements in consolidated accumulated losses

Set out below is the consolidated statement of comprehensive income and a summary of movements in accumulated losses for the year ended 30 June 2020 of the Closed Group consisting of White Energy Company Limited, White Energy Technology Limited and its subsidiaries Binderless Coal Briquetting Company Pty Limited, Coking BCB Pty Limited, White Investments North America Pty Limited and White Manufacturing Pty Limited.

(a) Consolidated statement of comprehensive income (Closed Group)

Statement of comprehensive income	2020 $'000	2019 $'000
Revenue	7,383	9,748
Foreign exchange gain	39	71
Employee benefits expense	(1,741)	(2,368)
Depreciation and amortisation expense	(2,111)	(2,800)
Impairment expense	(11,575)	(27,819)
External advisory fees	(2,340)	(1,316)
Occupancy expenses	(78)	(232)
Travel expenses	(80)	(287)
Plant operating costs	(70)	(107)
Accounting, tax and audit fees	(361)	(290)
Other expenses	(637)	(684)
Finance costs	(16)	(170)
Loss before income tax	(11,587)	(26,254)
Income tax	–	–
Loss for the year	(11,587)	(26,254)
Other comprehensive income		
Exchange differences on translation of foreign operations	3,210	9,874
Other comprehensive income for the year, net of tax	3,210	9,874
Total comprehensive loss for the year	(8,377)	(16,380)

(b) Summary of movements in consolidated accumulated losses (Closed Group)

Equity - accumulated losses	2020 $'000	2019 $'000
Accumulated losses at the beginning of the financial year	(535,315)	(509,061)
Loss after income tax	(11,587)	(26,254)
Accumulated losses at the end of the financial year	(546,902)	**(535,315)**

34.DEED OF CROSS GUARANTEE (CONTINUED)

(c) Consolidated balance sheet (Closed Group)

Set out below is the balance sheet as at 30 June 2020 of the Closed Group consisting of White Energy Company Limited, White Energy Technology Limited and its subsidiaries Binderless Coal Briquetting Company Pty Limited and Coking BCB Pty Limited, White Investments North America Pty Limited and White Manufacturing Pty Limited.

Balance sheet	2020 $'000	2019 $'000
Current assets		
Cash and cash equivalents	9,764	3,754
Trade and other receivables	1,010	1,321
	10,774	5,075
Non-current assets		
Trade and other receivables	9,984	12,256
Other financial assets	3	3
Property, plant and equipment	33	28
Intangibles	6,505	8,502
Exploration assets	4	4
	16,529	20,793
Total assets	27,303	25,868
Current liabilities		
Trade and other payables	3,098	6,499
Provisions	463	723
	3,561	7,222
Non-current liabilities		
Other payables	11,511	13,005
Provisions	284	366
	11,795	13,371
Total liabilities	15,356	20,593
Net assets	11,947	5,275
Equity		
Contributed equity	521,339	506,340
Reserves	37,510	34,250
Accumulated losses	(546,902)	(535,315)
Total equity	11,947	5,275

35. SHARE BASED PAYMENTS

Long term Incentive Plan

The Company's Long Term Incentive Plan (LTIP) for key employees of the Company was approved by shareholders at the 2017 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 purpose 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 and rights granted under the plan. The number of options and rights in the Company held during the financial year is set out below:

2020 Grant date	Exercise Price	Expiry Date	Balance at the start of the year Number	Granted during the year Number	Exercised or forfeited during the year Number	Balance at the end of the year Number
18/11/2016	**$0.19363(1)**	**18/11/2022**	**10,000,000**	**–**	**–**	**10,000,000**
1/7/2019	**$0.0(2)**	**30/06/2022**	**–**	**3,400,000**	**–**	**3,400,000**

(1) All of the Incentive Options had vested and were exercisable at the end of the year. As at 30 June 2020, the remaining term to expiry is 2.4 years. At grant date the options had a fair value of $0.0308 per option. As a consequence of the 2018 and 2020 pro-rata Entitlement Offers to shareholders, the exercise price was adjusted to $0.19363 from $0.20 on 5 June 2020.

(2) The Incentive Rights vest on satisfaction of two vesting conditions on 30 June 2022: Service Condition – the employee must remain continuously employed by the Company or its subsidiary throughout the 3 year period from 1 July 2019 to 30 June 2022 inclusive; and Performance Condition – the Company must achieve a Total Shareholder Return (TSR) of 120% over the 3 year period. This is calculated based on the Company's market-based ordinary share price returns adjusted for any dividends paid during the Service Period. For the purpose of this Performance Condition, the deemed starting share price is $0.10. As at 30 June 2020, the remaining term to expiry is 2 years. At grant date the rights had a fair value of $0.044 per right.

2019 Grant date	Exercise Price	Expiry Date	Balance at the start of the year Number	Granted during the year Number	Exercised or forfeited during the year Number	Balance at the end of the year Number
18/11/2016	$0.20(1)	18/11/2022	10,000,000	–	–	10,000,000

(1) All of the Incentive Options had vested and were exercisable at the end of the year. As at 30 June 2019, the remaining term to expiry is 3.4 years. At grant date the options had a fair value of $0.0308 per option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Renewal of exploration licence EL5719

On 3 September 2020, the Government of South Australia issued a public notice that it intends to grant an exploration licence for the area covered by EL5719 for a five year term, to wholly-owned subsidiary South Australian Coal Pty Ltd.

(b) Contingencies - KSC legal dispute

Refer to Note 30(a) for details regarding the KSC legal dispute occurring after the reporting period.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

37. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

(a) Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2020 $'000	2019 $'000
Loss after income tax for the year	**(14,654)**	(18,018)
Adjustments for:		
Net loss on disposal of property, plant and equipment	–	1,175
Net fair value loss on financial assets	–	272
Share-based payments	**50**	–
Foreign exchange differences	**(49)**	(16)
Non cash income - deferred income	–	(326)
Finance costs	**4,212**	4,058
Depreciation and amortisation expense	**2,111**	2,799
Impairment expense	**1,700**	2,690
Net loss on disposal of discontinued operations	**1,117**	–
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	**(125)**	411
Decrease in inventory	–	93
Increase in prepayments	**(347)**	(316)
Decrease in restricted cash	**451**	401
Decrease in trade and other payables	**(4,172)**	(5,169)
Decrease in other provisions	**(559)**	(205)
Net cash outflow from operating activities	**(10,265)**	(12,151)

(b) Non-cash Investing and financing activities

On 1 July 2019, the Group recognised right-of-use assets of $1,871,000 (refer to Note 40).

During the year ended 30 June 2019, the Group purchased new equipment by means of a loan. At the date of the purchase, the Group recognised an other payable of $324,000. An amount of $299,000 remained as a payable as at 30 June 2019.

38. EARNINGS PER SHARE

(a) Basic and diluted earnings per share

	Consolidated 2020 $'000	Consolidated 2019 $'000
Earnings per share for loss from continuing operations		
Loss for the year	**(8,172)**	(8,316)
Non-controlling interests	**1,945**	1,593
Loss for the year attributable to the ordinary equity holders of White Energy Company Limited	**(6,227)**	(6,723)

	2020 Cents	2019 Cents
Basic earnings per share for loss from continuing operations	**(1.1)**	(1.5)
Diluted earnings per share for loss from continuing operations	**(1.1)**	(1.5)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Earnings per share for loss from discontinued operations		
Loss for the year	**(6,482)**	(9,702)
Non-controlling interests	**3,999**	6,454
Loss for the year attributable to the ordinary equity holders of White Energy Company Limited	**(2,483)**	**(3,248)**

	Cents	Cents
Basic earnings per share for loss from discontinued operations	**(0.4)**	(0.7)
Diluted earnings per share for loss from discontinued operations	**(0.4)**	(0.7)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Earnings per share for loss		
Loss for the year	**(14,654)**	(18,018)
Non-controlling interests	**5,944**	8,047
Loss for the year attributable to the owners of White Energy Company Limited	**(8,710)**	**(9,971)**

	Cents	Cents
Basic earnings per share for loss	**(1.5)**	(2.3)
Diluted earnings per share for loss	**(1.5)**	(2.3)

	Number	Number
(b) Weighted average number of ordinary shares used as the denominator		
Weighted average number of ordinary shares used in calculating basic earnings per share	**566,398,839**	437,512,487
Weighted average number of ordinary shares used in calculating diluted earnings per share	**566,398,839**	437,512,487

Information concerning the classification of securities

As there are no amounts unpaid on ordinary shares, and options and rights outstanding are antidilutive, no adjustment is necessary in the determination of diluted loss per share.

39. PARENT ENTITY INFORMATION

(a) Summary financial information

The individual financial statements for the Parent Entity show the following aggregate information:

	Parent	
Balance sheet	**2020 $'000**	**2019 $'000**
Total current assets	**10,748**	5,075
Total assets	**25,056**	18,413
Total current liabilities	**1,892**	2,389
Total liabilities	**6,061**	6,670
Equity		
Contributed equity	**521,337**	506,337
Share-based payments	**7,062**	7,012
Accumulated losses	**(509,404)**	(501,606)
Total equity	**18,995**	11,743
Loss for the year	**(7,798)**	(9,710)
Total comprehensive loss for the year	**(7,798)**	(9,710)

(b) Guarantees entered into by the Parent Entity

The Parent Entity has provided bank guarantees as security for property bonds in the amount of $62,000 (2019:$62,000). No liability was recognised by the Parent Entity or the Group in relation to these guarantees.

(c) Contingent liabilities

The Parent Entity had contingent liabilities and assets as at 30 June 2019 in respect of indemnity and insurance claims. For information about the indemnity and insurance claims by the Parent Entity refer to Note 30(c).

(d) Capital commitments

As at 30 June 2019 the Parent Entity rented office premises in Brisbane under non-cancellable operating leases expiring within one to five years. From 1 July 2019, the Group has recognised right-of-use assets for these leases.

40.CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

The Group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in Note 1(c).

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.8% for continuing operations and 3.4% for discontinuing operations.

On adoption of AASB 16, the Group recognised finance lease receivables in relation to some of the property it sub-leases. Under AASB 117, the sub-lease contracts were classified as operating leases. On transition to AASB 16, the Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset of the head lease rather than the underlying asset. These receivables were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate applied to the relevant head lease liabilities as of 1 July 2019. A portion of the head lease right-of-use asset was derecognised at the amount equal to finance lease receivable recognised.

(i) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

– accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
– excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
– to separate non-lease components from lease components for property subleases.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) Impact of Adoption

The impact of adoption on 1 July 2019 was as follows:

	1 July 2019 $'000
Measurement of lease liabilities	
Operating lease commitments as at 1 July 2019	2,276
Operating lease commitments discount using the lessee's incremental borrowing rate of at the date of initial application	(329)
Lease liability recognised as at 1 July 2019	1,947
Lease liabilities - current	159
Lease liabilities - non-current	1,788
	1,947

On the balance sheet, lease liabilities have been included in trade and other payables. Lease liabilities relating to discontinued operations have been included in liabilities of disposal groups held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

40.CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

On the balance sheet, right-of-use assets have been included in property, plant and equipment. Right-of-use assets relating to assets held for sale have been included in assets of disposal groups classified as held for sale.

Adjustments recognised in the balance sheet on 1 July 2019

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

– right-of-use assets – increase by $1,871,000
– deferred tax assets – increase by $420,000
– deferred tax liabilities - increase by $420,000
– prepayments – decrease by $20,000
– deferred income - decrease by $23,000
– lease liabilities – increase by $1,947,000
– finance lease receivables - increase by $73,000.

The net impact on accumulated losses on 1 July 2019 was $Nil.

DIRECTORS' DECLARATION

In the Directors' opinion:

a. the financial statements and notes set out on pages 34 to 94 are in accordance with the *Corporations Act 2001*, including:
    1. complying with Australian 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 2020 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.
c. at the date of this declaration, there are reasonable grounds to believe that the members of the extended Closed Group identified in Note 34 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 34.

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 required by section 295A of the *Corporations Act 2001*.

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

Brian Flannery
Managing Director

Brisbane
28 September 2020

Independent auditor's report

To the members of White Energy Company Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of White Energy Company Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended

complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

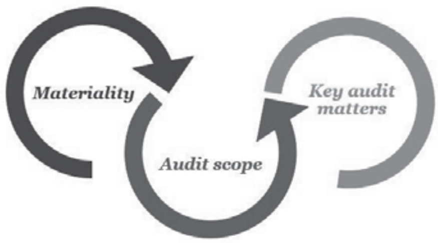
We draw attention to Note 1(a)(vi) in the financial report, which indicates that the Group incurred a total comprehensive loss of $16,153,000 and a net cash outflow from operating activities of $10,265,000 during the financial year ended 30 June 2020 and as at that date, current liabilities exceed current assets by $27,926,000. As a result, the Group will require additional funding from one or more sources to meet its forecast expenditure for the next twelve months from the date of this report. These conditions, along with other matters set forth in Note 1(a)(vi), indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group operates businesses in coal technology and coal mining and exploration across a number of geographical areas including Australia, China, Singapore, Mauritius, the United States and United Kingdom.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $447k, which represents approximately 1% of the Group's total assets. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Impairment assessment of Mountainside Coal Company ('MCC') – Impairment assessment of coal technology CGU

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our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.

- We chose total assets as the most appropriate benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured and it is a generally accepted benchmark in the coal industry for entities at a similar stage of development. We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

  – Impairment assessment of mining exploration CGU

  –

- These are further described in the *Key audit matters* section of our report, except for the matter which is described in the *material uncertainty related to going concern* section.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter(s) described below to be the key audit matters to be communicated in our report.

Key audit matter	***How our audit addressed the key audit matter***
Impairment assessment of Mountainside Coal Company ('MCC') *Refer to notes 2, 12 and 21* As the Group is in the process of negotiating the sale of its 51% investment in MCC, it has classified MCC as a disposal group held for sale and discontinued operation as at 30 June 2020. The Group assessed the recoverable amount of the MCC disposal group based on fair value less cost of disposal ('FVLCD') valuation. The assessment resulted	We performed the following procedures, amongst others: • Assessed the valuation methodology in the Group's model used to calculate the fair value less costs of disposal (the impairment model or model) as at 30 June 2020. • Tested the mathematical accuracy of the calculations within the model. • With the support of PwC valuation experts, assessed the discount rate and overall fair

Key audit matter	*How our audit addressed the key audit matter*
in an impairment expense of $A 1.7 million ($US 1.2 million) for the MCC disposal group Determining fair value less costs to dispose is highly judgemental and depends on a number of key inputs, including: • Indicative offers received from interested parties • Discount rate. This was a key audit matter due to the significant carrying value of the MCC investment which is subject to the judgements and assumptions outlined above in determining the recoverable amount as at 30 June 2020.	value less costs of disposal in the model against available market information. • Assessed the Group's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising. • Evaluated indicative offers received from potential purchasers of MCC in support of its carrying value. • Evaluated management's estimate of cost to dispose. • Obtained evidence from key management to develop an understanding of the status of current opportunities for the sale of the MCC disposal group.
Impairment assessment of coal technology CGU *Refer to notes 2 and 14* The Group holds the licence of the BCB Technology, which is carried at $7.2m as at 30 June 2020. To date, the Group has been unsuccessful in securing a contract for the use of the BCB Technology on a commercial scale but continues to explore opportunities in the key markets of Australia, China and South Africa. The Group appointed an external firm to perform a valuation of the recoverable amount of the Group's coal technology CGU. The valuation was performed with reference to the net present value of previously identified opportunities for deployment of the BCB	We performed the following procedures, amongst others: • Obtained evidence from key management to develop an understanding of the status of current opportunities for commercialisation of the BCB technology. • With the assistance of PwC valuation experts, we: - Evaluated the valuation report on the coal technology CGU prepared by the external valuation expert appointed by the Group. - Considered whether the valuation approach and methodology used by the Group's external valuation expert was consistent with Australian Accounting Standards and our understanding of the

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Key audit matter	*How our audit addressed the key audit matter*
technology, and a consideration of the future potential for the technology. The Group assessed the recoverable amount of the Group's coal technology CGU, based on the valuation performed and it was concluded that it supports the carrying amount at 30 June 2020. This was a key audit matter due to the uncertainty of the successful commercialisation of these significant technology assets and the highly judgemental nature of estimating the recoverable amount.	nature of the coal technology CGU's assets. - Evaluated the competency, qualifications, experience and objectivity of the Group's external valuation expert. • Tested the mathematical accuracy, on a sample basis, of the calculations within the model. • Evaluated the key inputs to the valuation against available market information. • Evaluated the adequacy and completeness of the disclosures made in notes to the financial statements including those regarding the key assumptions and sensitivities to changes in assumptions were consistent with our understanding based on our audit procedures, as well as the requirements of Australian Accounting Standards.
Impairment assessment of mining exploration CGU *Refer to notes 2 and 15* Management performed an impairment indicators assessment in line with AASB 6 requirements. 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 resources and further exploration potential for other minerals. The carrying value of these assets at 30 June 2020 was $7.4m. The Group appointed a valuation firm to perform a valuation of the recoverable amount of the Group's mining exploration CGU. The indicative valuation was performed with reference to comparative coal and gas exploration companies in the South Australian region	We performed the following procedures, amongst others: • Evaluated the Group's assessment of indicators of impairment or impairment reversal. • With the assistance of our internal valuation experts, we: - Evaluated the valuation report on the mining exploration CGU prepared by the valuation expert appointed by the Group, by considering the appropriateness of the indicative valuation methodology and the key inputs to the valuation against available market information. - Considered whether the indicative valuation approach and methodology

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Key audit matter	*How our audit addressed the key audit matter*
and their JORC reserves relative to those identified in EL5719. The Group assessed the recoverable amount of the Group's coal technology CGU, based on the indicative valuation performed and it was concluded that it supports the carrying amount as at 30 June 2020. Assessing the carrying amount of the Group's investment in the exploration CGU was a key audit matter due to the significance of the balance to the consolidated balance sheet and the judgement required in the impairment assessment as a result of the long-term nature of the asset.	used by the Group's external valuation expert was consistent with the Australian Accounting Standards and our understanding of the nature of the mining exploration CGU's assets. - Compared the carrying value of EL5719 to other comparable tenements in the South Australian region, to assess the reasonableness and recoverability of the carrying value. - Evaluated the competency, qualifications, experience and objectivity of the Group's external valuation expert. • Assessed whether the Group retained right of tenure for the exploration licence areas. • Obtained evidence from key management to develop an understanding of the status of exploration work and future intention for the assets and considered the results of exploration drilling and other activities. • Evaluated a sample of current year expenditures on the exploration licence areas to source documents and assessed whether plans for future expenditure meet minimum licence requirements. • Compared reserves considered in the Group's valuation report to reserves that have been certified by the Group's expert whose competency, experience and objectivity we evaluated. • Evaluated the adequacy and completeness of the disclosures made in notes to the financial statements including those regarding the key assumptions and sensitivities to changes in assumptions were consistent with our understanding based on our audit

Key audit matter	*How our audit addressed the key audit matter*
	procedures, as well as the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion 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 2020.

In our opinion, the remuneration report of White Energy Company Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

PricewaterhouseCoopers

Simon Neill
Partner

Brisbane
28 September 2020

SHAREHOLDER INFORMATION

as at 22 September 2020

The shareholder information set out below was applicable as at 22 September 2020.

(a) DISTRIBUTION OF EQUITY SECURITIES

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

	Ordinary shares(1)			Options(2)			Rights(3)		
	Holders	Securities	Securities %	Holders	Securities	Securities %	Holders	Securities	Securities %
1 – 1,000	3,195	601,403	0.08%	–					
1,001 – 5,000	625	1,575,286	0.20%	–					
5,001 – 10,000	191	1,470,703	0.19%	–					
10,001 – 100,000	361	11,561,713	1.49%	–					
100,001 & Over	129	759,269,614	98.04%	1	10,000,000	100.00%	5	3,400,000	100.00%
	4,501	774,478,719	100.00%	1	10,000,000	100.00%	5	3,400,000	100.00%

1. There were 3,698 holders of less than a marketable parcel of ordinary shares.
2 . Options:

Expiry date	Exercise Price	Number of Options
18 November 2022	$0 .19363	10,000,000

There are no prescribed vesting and/or performance conditions attaching to the options.

3. Rights:

Expiry date	Exercise Price	Number of Rights
30 June 2022	$0.00	3,400,000

Incentive Rights vest on satisfaction of two vesting conditions on 30 June 2022: Service Condition – the employee must remain continuously employed by the Company or its subsidiary throughout the 3 year period from 1 July 2019 to 30 June 2022 inclusive; and Performance Condition – the Company must achieve a Total Shareholder Return of 120% over the 3 year period. This is calculated based on the Company's market-based ordinary share price returns adjusted for any dividends paid during the Service Period. For the purpose of this Performance Condition, the deemed starting share price is $0.10, the volume weighted average price over the preceding 20 trading days to 28 June 2019.

(b) SUBSTANTIAL SHAREHOLDERS

Name	Number held	Percentage
Gaffwick Pty Ltd*	158,749,045	20.50%
M&G Investment Funds*	102,430,167	19.83%
Ganra Pty Ltd*	152,598,291	19.70%

* based on last form 604 'Notice of Change of Interests of Substantial Shareholder' lodged with the Australian Securities and Investments Commission. The Company has confirmed with M&G Investments Funds that, although its shares held have increased from those stipulated in its last form 604 notice as shown above, its percentage held of the Company has not changed to a material extent that requires it to lodge an updated form 604 notice.

(c) RESTRICTED SECURITIES

At 30 June 2020, the Company does not hold any restricted securities.

(d) EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

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

	Ordinary shares	
Name	**Number held**	**Percentage of issued shares**
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	356,624,178	46.05
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	59,945,806	7.74
GANRA PTY LIMITED <FLANNERY FAMILY A/C>	56,780,984	7.33
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	41,551,044	5.37
MR HANS J MENDE	25,062,030	3.24
CITICORP NOMINEES PTY LIMITED	20,918,669	2.70
ILWELLA PTY LTD	20,551,125	2.65
GANRA PTY LTD	13,114,286	1.69
REMOND HOLDINGS PTY LIMITED <DEFINA A/C>	12,007,293	1.55
ILWELLA PTY LTD	11,893,878	1.54
BOND STREET CUSTODIANS LIMITED <PETKIN - D62111 A/C>	10,562,805	1.36
REMOND HOLDINGS PTY LIMITED <DEFINA A/C>	9,836,448	1.27
MR BRIAN JOSEPH FLANNERY	9,000,000	1.16
P K M PTY LIMITED <THE PKM SUPER A/C>	7,700,000	0.99
AMCI WORLDWIDE LIMITED	7,648,190	0.99
BIMOSA PTY LTD	6,482,234	0.84
MRS PATRICIA MCALARY	5,600,000	0.72
FIBORA PTY LTD	5,095,685	0.66
MR FRITZ R KUNDRUN	5,062,030	0.65
MR ROBERT NORMAN COX + MRS DIANE ELIZABETH COX <ROBERT & DIANE COX SUPER A/C>	4,200,000	0.54
	689,636,685	**89.05**

Unquoted equity securities	**Options**
Number on issue	10,000,000
Number of holders	1
Options expiry date	18 November 2022
Options exercise price	$0.19363

Unquoted equity securities	**Rights**
Number on issue	3,400,000
Number of holders	5
Rights expiry date	30 June 2022
Rights exercise price	$0.00

SHAREHOLDER INFORMATION

continued

(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.

(iii) Rights:

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.

OTCQB under the code WECFF.

(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, USA:

Permit	Locality	Licensee	Interest
861-0528	Flat Creek – Kentucky	Mountainside Coal Company Inc.	100%
861-0543	Hubbs Hollow – Kentucky	Mountainside Coal Company Inc.	100%
861-5357	Washer – 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%
918-0467	Jellico Creek – Kentucky	Mountainside Coal Company Inc.	100%

The Company's wholly owned subsidiary, South Australian Coal Pty Ltd (SAC), holds a 100% interest in the following mining tenement and retention lease all of which are located at Lake Phillipson near Coober Pedy, South Australia:

– EL5719; 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 Mt	**Indicated Mt**	**Inferred Mt**	**Total 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 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.

The Company holds a 100% interest in the following mining tenement, which is located at Lake Phillipson near Coober Pedy, South Australia:

– PELA674.

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 was in 2012 an employee of Jon Barber Mining Consultants Pty Ltd and has been engaged as a consultant to South Australian Coal Limited. Jonathan Barber now operates as a sole trader. 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 INFORMATION

DIRECTORS

Travers Duncan
CHAIRMAN

Brian Flannery
MANAGING DIRECTOR

Graham Cubbin
NON-EXECUTIVE DIRECTOR

Vincent O'Rourke
NON-EXECUTIVE DIRECTOR

COMPANY SECRETARY

David Franks

PRINCIPAL REGISTERED OFFICE

White Energy Company Limited
Level 5, 126 Phillip 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
480 Queen Street
Brisbane QLD 4000

STOCK EXCHANGE LISTING

White Energy Company Limited shares are listed on the Australian Securities

Exchange (WEC) and also traded on the US based OTCQB exchange (WECFF).

WEBSITE ADDRESS

www.whiteenergyco.com

www.whiteenergyco.com