White Energy Company Limited

ABN 62 071 527 083

Interim Financial Report - 31 December 2022

White Energy Company Limited
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31 December 2022

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General information

These financial statements are for the group consisting of White Energy Company Limited and its subsidiaries. These financial statements are presented in Australian dollars, which is White Energy Company Limited's functional and presentation currency.

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 OTC exchange (WECFF). Its registered office and principal place of business are:

Registered office	Principal place of business
Level 5, 126 Phillip Street Sydney NSW 2000	Level 7, 167 Eagle Street Brisbane QLD 4000

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by White Energy Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

White Energy Company Limited
Directors' report
31 December 2022

Your Directors present their report on the consolidated entity (the Group) consisting of White Energy Company Limited (the Company or White Energy) and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

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

Graham Cubbin
Brian Flannery
Vincent O'Rourke
Keith Whitehouse (appointed 12 December 2022)

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.

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.

White Energy through its 49% joint venture partner in the River Energy JV (River Energy), Proterra Investment Partners (Proterra), is in discussion with a number of South African coal miners interested in the Group's BCB technology, and are pursuing opportunities on mine sites in South Africa to secure access to fine coal to support BCB projects.

Extensive testing by River Energy, including successful briquetting and combustion trials, has previously demonstrated that a saleable export grade coal product can be produced from South African reject tailings. This not only allows for reduction or rehabilitation of the reject tailings, but the briquettes can also be used to provide economical fuel with lower emissions for the local power industry, which would otherwise require coal to be mined and railed over considerable distances due to the depletion of nearby coal resources.

Using the BCB process, a briquetted 6 tonne sample of fines from a mine in the Middelburg region has been successfully tested by a South African power producer. A further bulk sample of up to 50 kt has been requested to carry out a commercial scale trial and a proposal has been submitted. White Energy is assisting Proterra in the design of a small demonstration plant to facilitate this work and other trials in South Africa. A South African coal producer has agreed to provide coal fines from one of their mines for briquetting trials at the plant when built in the near term.

Mining exploration

Fiddler's Creek Projects
During the half-year, White Energy entered into a binding and conditional Share Sale and Purchase Agreement to buy Fiddler's Creek Mining Company Pty Ltd, owner of the Tindal and Maranoa Projects. This significant transaction is aligned with the Company's continuing interest in projects that include potential to host iron oxide-copper-gold mineralisation, with a broader focus on the burgeoning new economy minerals space. Major supply demand imbalances for these commodities have, already and are forecast to become critical over the coming years.

Both projects will be explored through the application of technologically advanced lithospheric-scale structural geophysical analysis integrated with ionic geochemistry. The Company is confident exploration outcomes will be improved by access to advanced interpretation of ionic geochemistry samples to identify subtle indicators of the circulation of hydrothermal, mineralising fluids. In addition, White Energy will have access to state-of-the-art geophysical techniques and expertise for analysing the structure of the deep crust and upper mantle.

(i) Tindal Project, Northern Territory
The Tindal Project comprises 20 contiguous tenements totalling 10,780 km^2 approximately 80 km south of Katherine in the Northern Territory. Tindal lies along the regionally significant Mallapunyah and Daly Waters Fault Zones within the under explored central area of the McArthur Basin, and shares the same geological setting as the world class McArthur River Mine, along with the Redbank, and Century base metal deposits. Whilst mainly prospective for copper and zinc, Tindal has the key structural attributes required for mineral systems hosting gold and other new economy metals.

(ii) Maranoa Project, Queensland
The Maranoa Project is located near Texas in South East Queensland, an area with a number of historical mines and many commodity metal occurrences but has had very limited modern exploration. Along with a number of new economy mineral occurrences, the Texas area is very structurally complex, with recent company research suggesting it is prospective for porphyry-style copper-gold mineralisation and other new economy metals mineralisation.

Robin Rise Project, South Australia
The Robin Rise Project's EL6566 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 styles of mineralisation, and coal, which a study by Lurgi GmbH confirmed is suitable for gasification.

Baseline surveys of EL6566 were carried out in December 2021 for iron oxide-copper–gold styles of mineralisation that targeted a new zone of interest in the magnetic corridors of the Hilga Mineral Field and historical anomalies from calcrete sampling programs completed in 2012-2013 and 2018. Further surveys were carried out in May 2022 that targeted areas with historical anomalies identified from calcrete sampling programs completed in 2013 - 2014. The geochemical analysis using biochemical (predominately leaf), calcrete and soil sampling was completed during the half-year. Additional follow-up and new biochemical and calcrete sampling programs are being planned to further define areas of interest and assess the geochemical response of geophysical targets in 2023. This is planned to include the application of the advanced exploration approach used by Fiddler's Creek.

In addition, during the half-year, work continued on examining coal gasification and emerging hydrogen opportunities from EL6566 and the adjacent PELA674.

Legal dispute
White Energy's wholly owned subsidiaries, Binderless Coal Briquetting Company Pty Limited (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 trial for the third tranche of the proceedings concluded in January 2021, with the only issues remaining to be determined by the SICC relating to the damages which may be payable to BCBCS. The claim for damages comprised of the following:

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

The SICC released its decision on 7 February 2022 in relation to the third tranche of the proceedings. The SICC found in favour of BCBCS on the majority of the issues for determination. The SICC found in BCBCS' favour on all of the preliminary legal issues including in relation to remoteness and reflective loss.

The SICC also concluded that the technology underlying the BCB process would have worked and that the Tabang Plant would have achieved nameplate capacity of 1 million tonnes per annum by June 2012, and that the upgraded coal produced at Tabang would have been a saleable product.

Notwithstanding the above findings, the SICC dismissed BCBCS' claim for damages for wasted expenditure. The SICC concluded that Bayan would have been able to take steps to put KSC into liquidation, thereby bringing the joint venture to an end before the joint venture had sufficient cash flows from which BCBCS could recoup its wasted expenditure.

In relation to BCBCS' claim for loss of chance to expand the project, the SICC took the view that there did not exist a real and substantial chance that Bayan would have agreed to expand the capacity of the Tabang project.

On 7 March 2022, BCBCS filed a notice of appeal in the Singapore Court of Appeal in order to appeal certain of the findings made by the SICC in the third tranche of the proceedings. BCBCS filed its Appeal Case with the Court of Appeal (the Court) on 23 May 2022, and Bayan filed its Respondents' Case on 6 July 2022. BCBCS filed an Appellant's Reply on 20 July 2022. Both parties filed their skeletal submissions on 19 September 2022. The appeal hearing was held on 17 October 2022.

The Court delivered its judgement on 10 February 2023 and has dismissed the appeal. The Court held that Bayan would have been able to call upon its shareholder loans as an unpaid creditor to bring the joint venture to an end, even in circumstances where it had clearly breached the agreement.

The Court noted that BCBCS was successful in the first and second tranches of the proceedings, in establishing that Bayan acted in breach of its coal supply obligations under the joint venture deed. The Court found that BCBCS was not able to prove that it suffered substantial damages as a consequence. The Court further found that this did not detract from BCBCS' success in establishing Bayan's liability for breach of contract and the Court awarded BCBCS S$1,000 in nominal damages. The parties have filed submissions in relation to the costs of the appeal with the Court.

On 19 December 2022, the SICC issued its judgement in relation to the costs to be awarded following the three tranches of the proceedings. The SICC noted that the Plaintiffs had succeeded on practically all issues of liability while Bayan only prevailed at the end due to narrow points of causation of loss and quantum. The SICC held that Bayan are entitled to recover from the Plaintiffs costs of SGD $2,761,787 and disbursements of SGD $1,932,846.20, totalling SGD $4,694,633.20.

On 3 January 2023, BCBCS filed an application for leave to appeal the decision of the SICC in relation to the costs determination. On 17 January 2023, Bayan filed its reply submissions. BCBCS filed further submissions on 17 February 2023 and Bayan filed its response on 24 February 2023. On 14 March 2023, the Court of Appeal made its decision in relation to the application for leave and has granted leave to BCBCS to appeal against the SICC's costs order.

On 23 January 2023, Bayan filed submissions seeking cost orders in relation to the freezing order proceedings in Western Australia. BCBCS filed its reply submissions on 30 January 2023. Further submissions were made by Bayan in relation to special costs on 13 February 2023 and BCBCS filed its response on 27 February 2023.

General corporate
In July 2022, the Company undertook an Entitlement Offer that raised proceeds of $4.4million, and the funds are being used by the Company to fund ongoing legal proceedings against PT Bayan Resources Tbk and Bayan International Pte Ltd, for general corporate purposes, additional working capital and loans totalling $0.5 million provided by Brian Flannery, a director and substantial shareholder of the Company have been repaid.

On 2 September 2022, all shares issued to shareholders totalling 1,217,011,472 were consolidated from 30:1 to 40,569,291 shares.

On 12 December 2022, the Company entered into a binding and conditional Share Sale and Purchase Agreement to buy Fiddlers Creek Mining Company Pty Ltd and its two subsidiaries (Fiddler's Creek), the owner of the Tindal and Maranoa projects in Australia. The transaction consideration comprises: White Energy to issue 3 million shares and is to issue 1 million shares in settlement of certain liabilities to be assumed on closing date of $320,000; and payments of future performance cash bonuses totalling $4 million based on the completion of a pre-feasibility study for $2 million and the completion of a definitive feasibility study for $2 million. Due diligence has been completed and other conditions precedent are expected to be completed by the end of March 2023. The assets of Fiddler's Creek primarily comprise exploration applications and licences / permits within the Tindal and Maranoa projects with an approximate fair value of $1.2 million. Fiddler's Creek will have no other significant liabilities immediately after the transaction completes.

Proceeds from the Group's sale of its 51% interest in Mountainside Coal Company (MCC) are being progressively received. Further instalments of $2.6 million are due now. These proceeds have been delayed due to the new owner completing their finance arrangements.

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 Group has no secured corporate debt. Limited-recourse shareholder loans provided to the Group's 51% owned operations in the UK and Mauritius by both White Energy and the minority shareholders in proportion to their ownership interests are repayable in January 2025. Recourse to the shareholders is limited to the assets of subsidiaries that are subject to joint venture agreements, with joint shareholder consent customarily given to extend the loans' due dates as required.

Financial position and results for the half-year

The Group had cash reserves as at 31 December 2022 of $2.3 million (30 June 2022: $0.4 million) excluding restricted cash of $2.0 million (30 June 2022: $2.0 million).

The total assets balance increased from $11.7 million as at 30 June 2022 to $12.4 million as at 31 December 2022, largely as a result of the Entitlement Offer proceeds raised, partly offset by losses derived by the Group.

The increase in liabilities from $50.4 million as at 30 June 2022 to $51.2 million as at 31 December 2022 predominantly reflects the increase in the value of shareholder loans due to the weakening of the Australian dollar against the US dollar and accrued interest on the shareholder loans.

The Consolidated Entity's loss before tax for the half-year ended 31 December 2022 was $3.6 million (2021: $3.4 million). The Company's adjusted normalised EBITDA loss for the half-year ended 31 December 2022 was $1.3 million (2021: $1.2 million). The increase in normalised EBITDA loss from the comparative period in 2021 is primarily due to lower other income.

The normalised EBITDA loss has been determined as follows:

	31 December 2022 $'000	31 December 2021 $'000
Consolidated entity net loss for the half-year before income tax	(3,609)	(3,395)
Non-cash expenses / (income):		
Depreciation / amortisation	1,041	1,063
Share-based payments	2	25
Other	(119)	(74)
Sub-total – non-cash expenses	924	1,014
Other significant items:		
Finance costs	982	901
Legal costs – litigation	381	35
Sub-total – other significant items	1,363	936
Consolidated entity adjusted normalised EBITDA	(1,322)	(1,445)
Non-controlling interests share of normalised EBITDA	37	211
White Energy adjusted normalised EBITDA	(1,285)	(1,234)

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 Company. The Consolidated Entity's adjusted normalised EBITDA loss ($1.3 million) reconciles to the segment information EBITDA result for the year ($1.7 million) disclosed on page 17, after adding back litigation costs ($0.4 million) which are included in the segment expenses within the EBITDA line item.

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

Going concern

The Group recorded a total comprehensive loss for the half-year ended 31 December 2022 of $4,411,000 (2021: $4,935,000), had net cash outflows from operations of $2,251,000 (2021: $1,567,000) and a cash balance excluding restricted cash of $2,259,000 (30 June 2022: $434,000). The Group has net liabilities of $38,761,000 (30 June 2022: $38,685,000). In this regard, it should be noted that the Group's external debt comprised limited-recourse shareholder loans (recourse is limited to the assets of subsidiaries that are subject to joint venture agreements, with joint shareholder consent customarily given to extend the loans' due dates as required), trade and other payables and provisions incurred in the ordinary course of business.

The Group has been granted by the Court of Appeal of Singapore leave to appeal the Singapore International Commercial Court's costs order for approximately $4.9 million. The Group strengthened its financial position during the half-year by raising $4.4 million from the Entitlement Offer. The Group has prepared a cash flow forecast to 31 March 2024, 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 due to receive the remaining $2.6 million owing for the sale of Mountainside Coal Company, Inc.;

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;

4. Loans from minority shareholders: The Group's 51% owned subsidiaries, 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 review report for the half-year ended 31 December 2022 contains a material uncertainty regarding going concern paragraph drawing members' attention to the contents of Note 1 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 review report is included with the accompanying financial statements for the half-year ended 31 December 2022.

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

Events occurring after the reporting period

(a) Contingencies - KSC legal dispute
Refer to the review of operations section for other details regarding the KSC legal dispute occurring after the reporting period.

No other significant matters or circumstance have arisen since 31 December 2022 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.

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 immediately after this directors' report.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

White Energy Company Limited
Directors' report
31 December 2022

This report is made in accordance with a resolution of the Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

____
Brian Flannery
Managing Director

15 March 2023
Brisbane

White Energy Company Limited

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

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

PKF

PKF

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SCOTT TOBUTT
PARTNER

15 MARCH 2023
SYDNEY, NSW

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

White Energy Company Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2022

	Note	Consolidated 2022 $'000	2021 $'000
Continuing operations			
Other income	3	54	165
Total revenue		54	165
Other net gains	4	119	74
Employee benefits expense		(796)	(889)
Depreciation and amortisation expense	4	(1,041)	(1,063)
External advisory fees	4	(510)	(167)
Occupancy expenses		(25)	(29)
Travel expenses		(3)	-
Plant operating costs		(23)	(22)
Accounting, tax and audit fees		(21)	(174)
Other expenses		(381)	(389)
Finance costs		(982)	(901)
Loss before income tax		(3,609)	(3,395)
Income tax		-	-
Loss for the half-year		(3,609)	(3,395)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(802)	(1,540)
Other comprehensive loss for the half-year		(802)	(1,540)
Total comprehensive loss for the half-year		(4,411)	(4,935)
Loss for the half-year is attributable to:			
Non-controlling interest		(960)	(1,074)
Owners of White Energy Company Limited		(2,649)	(2,321)
Total loss for the half-year		(3,609)	(3,395)
Total comprehensive loss for the half-year is attributable to:			
Non-controlling interest		(1,652)	(2,340)
Owners of White Energy Company Limited		(2,759)	(2,595)
Total comprehensive loss for the half-year		(4,411)	(4,935)

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

White Energy Company Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2022

	2022 Cents	2021 Cents
Earnings per share for loss attributable to the ordinary equity holders of White Energy Company Limited		
Basic earnings per share	(7.1)	(0.3)
Diluted earnings per share	(7.1)	(0.3)

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

	Note	Consolidated 31 December 2022 $'000	30 June 2022 $'000
Assets			
Current assets			
Cash and cash equivalents		2,259	434
Trade and other receivables	5	2,087	2,099
Other assets	6	341	414
Total current assets		4,687	2,947
Non-current assets			
Property, plant and equipment	7	75	151
Intangibles	8	2,217	3,215
Exploration assets	9	3,438	3,392
Restricted cash	10	2,000	2,000
Total non-current assets		7,730	8,758
Total assets		12,417	11,705
Liabilities			
Current liabilities			
Trade and other payables	11	193	1,200
Provisions	12	492	484
Total current liabilities		685	1,684
Non-current liabilities			
Other payables	13	50,121	48,351
Provisions	14	372	355
Total non-current liabilities		50,493	48,706
Total liabilities		51,178	50,390
Net liabilities		(38,761)	(38,685)
Equity			
Contributed equity	15	525,670	521,337
Reserves	16	(9,729)	(9,621)
Accumulated losses		(517,709)	(515,060)
Equity attributable to the ordinary equity holders of White Energy Company Limited		(1,768)	(3,344)
Non-controlling interests		(36,993)	(35,341)
Total equity		(38,761)	(38,685)

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

White Energy Company Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

Consolidated	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2021	521,337	(8,984)	(509,248)	(30,076)	(26,971)
Loss for the half-year	-	-	(2,321)	(1,074)	(3,395)
Other comprehensive loss for the half-year	-	(274)	-	(1,266)	(1,540)
Total comprehensive loss for the half-year	-	(274)	(2,321)	(2,340)	(4,935)
Transactions with ordinary equity holders in their capacity as owners and other movements:					
Share-based payments (Note 19)	-	25	-	-	25
Balance at 31 December 2021	521,337	(9,233)	(511,569)	(32,416)	(31,881)

Consolidated	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2022	521,337	(9,621)	(515,060)	(35,341)	(38,685)
Loss for the half-year	-	-	(2,649)	(960)	(3,609)
Other comprehensive loss for the half-year	-	(110)	-	(692)	(802)
Total comprehensive loss for the half-year	-	(110)	(2,649)	(1,652)	(4,411)
Transactions with ordinary equity holders in their capacity as owners and other movements:					
Contributions of equity, net of transaction costs (note 15)	4,333	-	-	-	4,333
Share-based payments (Note 19)	-	2	-	-	2
Balance at 31 December 2022	525,670	(9,729)	(517,709)	(36,993)	(38,761)

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

White Energy Company Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		73	229
Payments to suppliers and employees (inclusive of goods and services tax)		(2,345)	(1,797)
		(2,272)	(1,568)
Interest received		21	1
Net cash outflow from operating activities		(2,251)	(1,567)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(10)
Payments for exploration assets		(58)	(57)
Disposal of discontinued operation		45	831
Finance lease receivables received		-	44
Net cash (outflow) / inflow from investing activities		(13)	808
Cash flows from financing activities			
Proceeds from issue of shares	15	4,425	-
Proceeds from shareholder loans		60	54
Proceeds from related party loans		250	-
Cost of equity issue		(92)	-
Repayment of loans		(500)	-
Repayment of lease liabilities		(35)	(71)
Finance charges paid		(24)	(24)
Net cash inflow / (outflow) from financing activities		4,084	(41)
Net increase / (decrease) in cash and cash equivalents		1,820	(800)
Cash and cash equivalents at the beginning of the financial half-year		434	2,223
Effects of exchange rate changes on cash and cash equivalents		5	(10)
Cash and cash equivalents at the end of the financial half-year		2,259	1,413

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

Note 1. Going concern

The Group recorded a total comprehensive loss for the half-year ended 31 December 2022 of $4,411,000 (2021: $4,935,000), had net cash outflows from operations of $2,251,000 (2021: $1,567,000) and a cash balance excluding restricted cash of $2,259,000 (30 June 2022: $434,000). The Group has net liabilities of $38,761,000 (30 June 2022: $38,685,000). In this regard, it should be noted that the Group's external debt comprised limited-recourse shareholder loans (recourse is limited to the assets of subsidiaries that are subject to joint venture agreements, with joint shareholder consent customarily given to extend the loans' due dates as required), trade and other payables and provisions incurred in the ordinary course of business.

The Group has been granted by the Court of Appeal of Singapore leave to appeal the Singapore International Commercial Court's costs order for approximately $4.9 million. The Group strengthened its financial position during the half-year by raising $4.4 million from the Entitlement Offer. The Group has prepared a cash flow forecast to 31 March 2024, 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 due to receive the remaining $2.6 million owing for the sale of Mountainside Coal Company, Inc.;

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;

4. Loans from minority shareholders: The Group's 51% owned subsidiaries, 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.

Note 2. Segment information

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

The Board of Directors considers the business from both a business line and a geographic perspective and has identified two reportable business line segments: coal technology 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 mining exploration segment holds tenements near Coober Pedy, South Australia.

Note 2. Segment information (continued)

The Group’s business sectors operate in four 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. The Group's partner in River Energy JV Limited, Proterra Investment Partners, is currently undertaking marketing activities and feasibility studies.

(iv) United Kingdom (UK): An investment holding company that operates in the area of the coal technology business line.

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.

Note 2. Segment information (continued)

(b) Segment information provided to the Board of Directors

Half-year 2022

Segment information by business line

Consolidated - 2022	Coal technology $'000	Mining exploration $'000	Inter-segment $'000	Total $'000
Revenue				
Intersegment -revenue	1,684	-	(1,684)	-
Other income	33	-	-	33
Interest income	21	-	-	21
Total revenue	1,738	-	(1,684)	54
EBITDA (*)	(32)	(1)	(1,670)	(1,703)
Depreciation	(5)	-	-	(5)
Amortisation	(1,281)	-	245	(1,036)
Interest expense	(1,878)	-	896	(982)
Other non-cash gains	67	-	-	67
Foreign exchange gains	50	-	-	50
Loss before income tax	(3,079)	(1)	(529)	(3,609)
Income tax	-	-	-	-
Loss for the half-year	(3,079)	(1)	(529)	(3,609)

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

Consolidated - 2022	Australia $'000	Asia $'000	South Africa $000	UK $'000	Inter-segment $'000	Total $'000
Revenue						
Inter-segment revenue	1,684	-	-	-	(1,684)	-
Other income	33	-	-	-	-	33
Interest income	21	-	-	-	-	21
Total revenue	1,738	-	-	-	(1,684)	54
EBITDA (*)	49	(8)	(38)	(36)	(1,670)	(1,703)
Depreciation	(5)	-	-	-	-	(5)
Amortisation	(1,036)	-	(203)	(42)	245	(1,036)
Interest expense	(15)	-	(669)	(1,194)	896	(982)
Other non-cash expenses	67	-	-	-	-	67
Foreign exchange gains	51	-	-	(1)	-	50
Loss before income tax	(889)	(8)	(910)	(1,273)	(529)	(3,609)
Income tax	-	-	-	-	-	-
Loss for the half-year	(889)	(8)	(910)	(1,273)	(529)	(3,609)

* EBITDA represents ordinary earnings before interest, tax, depreciation, amortisation, other non-cash expenses and foreign exchange gains, and the loss for the half-year includes White Energy's share of the income and expenses from minority owned subsidiaries.

Note 2. Segment information (continued)

Half-year 2021

Segment information by business line

Consolidated - 2021	Coal technology $'000	Mining exploration $'000	Inter-segment $'000	Total $'000
Revenue				
Other income	164	-	-	164
Interest income	1	-	-	1
Inter-segment revenue	1,604	-	(1,604)	-
Total revenue	1,769	-	(1,604)	165
EBITDA (*)	113	(1)	(1,592)	(1,480)
Depreciation	(8)	-	-	(8)
Amortisation	(1,368)	-	313	(1,055)
Interest expense	(1,719)	-	818	(901)
Other non-cash expenses	(68)	-	-	(68)
Foreign exchange gains	117	-	-	117
Loss before income tax	(2,933)	(1)	(461)	(3,395)
Income tax	-	-	-	-
Loss for the half-year	(2,933)	(1)	(461)	(3,395)

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

Consolidated - 2021	Australia $'000	Asia $'000	South Africa $'000	UK $'000	Inter-segment $'000	Total $'000
Revenue						
Inter-segment revenue	1,604	-	-	-	(1,604)	-
Other income	164	-	-	-	-	164
Interest Income	1	-	-	-	-	1
Total revenue	1,769	-	-	-	(1,604)	165
EBITDA (*)	195	(17)	(27)	(39)	(1,592)	(1,480)
Depreciation	(8)	-	-	-	-	(8)
Amortisation	(1,055)	-	(187)	(126)	313	(1,055)
Interest expense	(19)	-	(610)	(1,090)	818	(901)
Other non-cash expenses	(68)	-	-	-	-	(68)
Foreign exchange gains	117	-	-	-	-	117
Loss before income tax	(838)	(17)	(824)	(1,255)	(461)	(3,395)
Income tax	-	-	-	-	-	-
Loss for the half-year	(838)	(17)	(824)	(1,255)	(461)	(3,395)

* EBITDA represents ordinary earnings before interest, tax, depreciation, amortisation, other non-cash expenses and foreign exchange gains, and the loss for the half-year includes White Energy's share of the income and expenses from minority owned subsidiaries.

Note 3. Other income

	Consolidated 2022 $'000	Consolidated 2021 $'000
Interest income calculated using the effective interest rate method	21	1
Other items	33	164
Other income	54	165

Note 4. Material profit or loss items

	Consolidated 2022 $'000	Consolidated 2021 $'000
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation expense		
Depreciation expense - Property, plant and equipment	5	8
Amortisation expense - Right-of-use assets - buildings	38	57
Amortisation expense - Intangible assets	998	998
Total depreciation and amortisation expense	1,041	1,063
External advisory fees		
Consulting, external management and professional fees	129	132
Litigation costs	381	35
Total external advisory fees	510	167
(b) Other net gains		
Foreign exchange gain	50	117
Net gain on finance lease liabilities	224	-
Net loss on finance lease receivables	(22)	-
Net loss on disposal of property, plant and equipment	(133)	(43)
Total net gain	119	74

Note 5. Current assets - Trade and other receivables

	Consolidated	
	31 December 2022 $'000	**30 June 2022 $'000**
Trade receivables	61	52
Less: Allowance for expected credit losses	(47)	(47)
	14	5
Consideration receivables [a]	2,570	2,571
Less: Allowance for expected credit losses [b]	(499)	(499)
	2,071	2,072
Other receivables	2	-
Finance lease receivables [c]	-	22
	2,087	2,099

(a) Consideration receivables
Consideration for the sale of subsidiary Mountainside Coal Company Inc. (MCC) on the 15th of April 2021 is being progressively received. The remaining consideration receivables of $2,570,000 (USD $1,741,000) are due and payable now. These payments have been delayed due to the Purchaser of MCC completing their finance arrangements. Collateral has been provided by the Purchaser by a mortgage over certain plant and equipment of MCC, and by a guarantee from a parent company of the Purchaser.

(b) Allowance for expected credit losses - Consideration receivables
Consideration receivables at amortised cost are due and payable. The Group considers there to have been a significant increase in credit risk since initial recognition in April 2021. An allowance for expected losses of $499,000 has been recognised (30 June 2022: $499,000), and this reduces the carrying value of consideration receivables. The loss allowance is based on the expected loss rate of 30%, and the difference between the instalments due in accordance with the contract to sell subsidiary Mountainside Coal Company Inc. and all the cash flows that the Group expects to receive, and this includes cash flows from the sale of collateral held. The expected loss rate is based on the Standard & Poors' Average Cumulative Default Rates for the USA (using data from 1981 to 2020), for a CCC/C rated bond that has a one year term.

(c) Finance lease receivables arrangements
The Group sub-leased a building for office space until 30 June 2022. The sub-lease was terminated on 1 July 2022.

Profit or loss information:

Total income earned from finance lease receivables during the half-year was $Nil (2021: $1,000).

Note 6. Current assets - Other assets

	Consolidated	
	31 December 2022 $'000	30 June 2022 $'000
Prepayments	321	394
Deposits	20	20
	341	414

Note 7. Non-current assets - Property, plant and equipment

	Consolidated	
	31 December 2022 $'000	30 June 2022 $'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	15,962	15,959
Less: Accumulated depreciation and impairment	(15,949)	(15,941)
	13	18
Right-of-use assets - buildings - at cost [a]	100	413
Less: Accumulated depreciation	(38)	(280)
	62	133
	75	151

Reconciliations

Reconciliations of the net book values at the beginning and end of the half-year ended 31 December 2022 are set out below:

Consolidated	Plant and equipment $'000	Leasehold improvements $'000	Right-of-use assets - buildings [a] $'000	Total $'000
Balance at 1 July 2022	18	-	133	151
Additions	-	-	100	100
Disposals	-	-	(133)	(133)
Depreciation expense	(5)	-	(38)	(43)
Balance at 31 December 2022	13	-	62	75

Note 7. Non-current assets - Property, plant and equipment (continued)

(a) Leases

This note provides information for leases where the Group is a lessee. For leases where the Group was a lessor, refer to Note 5(c). 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 leased a building for its office space until 30 June 2022. The lease was terminated on 1 July 2022. On 1 July 2022, the Group signed a building sub-lease with the Managing Director, Brian Flannery's private company KTQ Developments Pty Ltd for the office space that was previously leased by the Group from a non-related party. This arrangement is based on normal commercial terms and conditions and at the prevailing market rate. The agreement is for a period of 16 months and expires on 31 October 2023. Leased assets may not be used as security for borrowing purposes.

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

(ii) Lease liabilities

Lease liabilities are presented in the balance sheet as follows:

	31 December 2022 $'000	30 June 2022 $'000
Current (refer to Note 11)	65	168
Non-current (refer to Note 13)	-	58
	65	226

The lease liabilities were secured by the related underlying assets and a security bond until the lease was terminated on 1 July 2022. From 1 July 2022, the sub-lease agreement does not contain any covenants or security. The undiscounted maturity analysis of lease liabilities relating to buildings at 31 December 2022 is as follows:

	31 December 2022 $'000	30 June 2022 $'000
Less than one year	68	168
One to five years	-	58
Total undiscounted lease liabilities	68	226

(iii) Lease payments 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 expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Note 7. Non-current assets - Property, plant and equipment (continued)

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

	6 months to 31 December 2022 $'000	6 months to 31 December 2021 $'000
Short-term leases (included in plant operating costs)	10	9
Leases of low-value assets (included in other expenses)	2	2
	12	11

(iv) Profit or loss and cash flow information

The interest expense in relation to leasing liabilities included in finance costs for the half-year was $4,000 (2021: $9,000).

The total cash outflow for leases in the half-year was $50,000 (2021: $91,000).

There have been no sale and leaseback transactions in the half-year.

Note 8. Non-current assets - Intangibles

	Consolidated 31 December 2022 $'000	30 June 2022 $'000
Coal technology licence - at cost	55,983	55,983
Less: Accumulated amortisation and impairment	(53,766)	(52,768)
	2,217	3,215

Reconciliations
Reconciliation of the net book values at the beginning and end of the half-year ended 31 December 2022 are set out below:

Consolidated	Coal technology licence $'000
Balance at 1 July 2022	3,215
Amortisation expense [a]	(998)
Balance at 31 December 2022	2,217

(a) Amortisation expense
The coal technology licence for BCB technology has a finite life and is amortised over its useful life of 17.6 years.

Note 9. Non-current assets - Exploration assets

Reconciliations
Reconciliations of exploration assets carrying amounts at the beginning and end of the half-year ended 31 December 2022 are set out below:

Consolidated	Coober Pedy EL6566 Exploration tenements $'000	Coober Pedy EL6566 Exploration rights $'000	Coober Pedy PELA674 Exploration tenement $'000	Total $'000
Balance at 1 July 2022	698	2,690	4	3,392
Additional expenditure	46	-	-	46
Balance at 31 December 2022	744	2,690	4	3,438

Note 10. Non-current assets - Restricted cash

	Consolidated 31 December 2022 $'000	30 June 2022 $'000
Security bond [(a)]	2,000	2,000

(a) 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.

Note 11. Current liabilities - Trade and other payables

	Consolidated 31 December 2022 $'000	30 June 2022 $'000
Trade payables	93	319
Lease liabilities [(a)]	65	166
Loans from related parties [(b)]	-	250
Accrued interest on related party loans [(b)]	-	2
Other payables	35	463
	193	1,200

(a) Lease Liabilities
For information on the Group's leasing activities refer to Note 7(a).

(b) Loans from related parties
Key management person Brian Flannery, the Managing Director of White Energy, had loaned to the Company $250,000 as at 30 June 2022 through his private company Ilwella Pty Ltd. The loans were not secured. The loan's agreements were based on normal terms and bore interest at a market rate.

Note 12. Current liabilities - Provisions

	Consolidated	
	31 December 2022 $'000	30 June 2022 $'000
Employee provisions	492	484

Movements in provisions during the half-year ended 31 December 2022 are set out below:

Consolidated - 31 December 2022	**Employee $'000**
Carrying amount at the start of the half-year	484
Additional provisions recognised	92
Amounts transferred to non-current (refer to Note 14)	(17)
Amounts used	(67)
Carrying amount at the end of the half-year	492

Note 13. Non-current liabilities - Other payables

	Consolidated	
	31 December 2022 $'000	30 June 2022 $'000
Loans from shareholders - Black River [a]	33,075	32,470
Accrued interest on shareholder loans - Black River [a]	17,046	15,823
Lease liabilities [b]	-	58
	50,121	48,351

(a) Loans from shareholders
White Energy and the 49% minority shareholder in its River Energy operations have jointly funded these two 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, with recourse to the minority shareholder limited to 49% of the assets of the relevant Group subsidiary, and with joint shareholder consent customarily given to extend the loans' due dates as required.

(b) Lease liabilities
For information on the Group's leasing activities refer to Note 7(a).

Note 14. Non-current liabilities - Provisions

	Consolidated	
	31 December 2022 $'000	30 June 2022 $'000
Employee provisions	372	355

Note 14. Non-current liabilities - Provisions (continued)

Movements in provisions during the half-year ended 31 December 2022 are set out below:

Consolidated - 31 December 2022	Employee $'000
Carrying amount at the start of the half-year	355
Amounts transferred from current (refer to Note 12)	17
Carrying amount at the end of the half-year	372

Note 15. Equity - Contributed equity

	Consolidated			
	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 $'000	30 June 2022 $'000
Ordinary shares - fully paid	40,569,291	774,478,719	525,670	521,337

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2022	774,478,719		521,337
Share issue under Entitlement Offer	9 August 2022	442,532,753	$0.010	4,425
Less: Transaction costs arising on share issues		-	$0.000	(92)
Share consolidation (30:1)	2 September 2022	(1,176,442,181)	$0.000	-
Balance	31 December 2022	40,569,291		525,670

Note 16. Equity - Reserves

	Consolidated	
	31 December 2022 $'000	30 June 2022 $'000
Foreign currency translation reserve	(16,893)	(16,783)
Share based payment reserve	7,164	7,162
	(9,729)	(9,621)

Note 17. Equity - Dividends

No amounts have been paid or declared by way of dividend during the half-year ended 31 December 2022 (2021: $Nil).

Note 18. Contingencies

KSC legal dispute
White Energy's wholly owned subsidiaries, Binderless Coal Briquetting Company Pty Limited (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 trial for the third tranche of the proceedings concluded in January 2021, with the only issues remaining to be determined by the SICC relating to the damages which may be payable to BCBCS. The claim for damages comprised of the following:

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

The SICC released its decision on 7 February 2022 in relation to the third tranche of the proceedings. The SICC found in favour of BCBCS on the majority of the issues for determination. The SICC found in BCBCS' favour on all of the preliminary legal issues including in relation to remoteness and reflective loss.

The SICC also concluded that the technology underlying the BCB process would have worked and that the Tabang Plant would have achieved nameplate capacity of 1 million tonnes per annum by June 2012, and that the upgraded coal produced at Tabang would have been a saleable product.

Notwithstanding the above findings, the SICC dismissed BCBCS' claim for damages for wasted expenditure. The SICC concluded that Bayan would have been able to take steps to put KSC into liquidation, thereby bringing the joint venture to an end before the joint venture had sufficient cash flows from which BCBCS could recoup its wasted expenditure.

In relation to BCBCS' claim for loss of chance to expand the project, the SICC took the view that there did not exist a real and substantial chance that Bayan would have agreed to expand the capacity of the Tabang project.

On 7 March 2022, BCBCS filed a notice of appeal against the third tranche judgement of the SICC to dismiss BCBCS' claim for wasted expenditure. BCBCS filed its Appeal Case with the Court of Appeal (the Court) on 23 May 2022, and Bayan filed its Respondents' Case on 6 July 2022. BCBCS filed an Appellant's Reply on 20 July 2022. Both parties filed their skeletal submissions on 19 September 2022. The appeal hearing was held on 17 October 2022.

The Court delivered its judgement on 10 February and has dismissed the appeal. The Court held that Bayan would have been able to call upon its shareholder loans as an unpaid creditor to bring the joint venture to an end, even in circumstances where it had clearly breached the agreement.

The Court noted that BCBCS was successful in the first and second tranches of the proceedings, in establishing that Bayan acted in breach of its coal supply obligations under the joint venture deed. The Court found that BCBCS was not able to prove that it suffered substantial damages as a consequence. The Court further found that this did not detract from BCBCS' success in establishing Bayan's liability for breach of contract and the Court awarded BCBCS S$1,000 in nominal damages. The parties have filed submissions in relation to the costs of the appeal with the court.

Note 18. Contingencies (continued)

On 19 December 2022, the SICC issued its judgement in relation to the costs to be awarded following the three tranches of the proceedings. The SICC noted that the Plaintiffs had succeeded on practically all issues of liability while Bayan only prevailed at the end due to narrow points of causation of loss and quantum. The SICC held that Bayan are entitled to recover from the Plaintiffs costs of SGD $2,761,787 and disbursements of SGD $1,932,846.20, totalling SGD $4,694,633.20.

On 3 January 2023, BCBCS filed an application for leave to appeal the decision of the SICC in relation to the costs determination. On 17 January 2023, Bayan filed its reply submissions. BCBCS filed further submissions on 17 February 2023 and Bayan filed its response on 24 February 2023. On 14 March 2023, the Court of Appeal made its decision in relation to the application for leave and has granted leave to BCBCS to appeal against the SICC's costs order.

On 23 January 2023, Bayan filed submissions seeking cost orders in relation to the freezing order proceedings in Western Australia. BCBCS filed its reply submissions on 30 January 2023. Further submissions were made by Bayan in relation to special costs on 13 February 2023 and BCBCS filed its response on 27 February 2023.

Note 19. Share-based payments

The Company maintains 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. Incentive Options and Incentive Rights have been issued under the LTIP. The number of Incentive Options and Incentive Rights for shares in the Company held during the period is set out below:

Grant date	Expiry date	Balance at 1 July 2022 Number	Granted during the period Number	Consolidated during the period Number	Exercised or forfeited during the period Number	Balance at 31 December 2022 Number
18/11/2016 [(a)]	18/11/2022	10,000,000	-	(9,666,666)	(333,334)	-
1/7/2022 [(b)]	30/6/2023	-	7,000,000	(6,766,665)	-	233,335

(a) Incentive Options granted in 2016 under the LTIP could be exercised at any time prior to their expiry date. 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, and to $5.802 after the option consolidation on 2 September 2022. At grant date the options had a fair value of $0.0308 per option. The options expired on 18 November 2022.

(b) Incentive Rights granted in 2022 vest on satisfaction of two vesting conditions on 30 June 2023: Service Condition – the employee must remain continuously employed by the Company or its subsidiary throughout the year from 1 July 2022 to 30 June 2023 inclusive; and Performance Condition – the Company must achieve a Total Shareholder Return (TSR) of 991% over the year. 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 was $0.011, the volume weighted average price over the preceding 20 trading days to 30 June 2022. The starting share price was adjusted to $0.33 after the rights consolidation on 2 September 2022. 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. At grant date the rights had a fair value of $0.0007 per right. This was adjusted to $0.021 per right after the rights consolidation on 2 September 2022.

Note 20. Events occurring after the reporting period

(a) Contingencies - KSC legal dispute
Refer to Note 18 for other details regarding the KSC legal dispute occurring after the reporting period.

No other matter or circumstance has arisen since 31 December 2022 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.

Note 21. Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by White Energy during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

(a) New and amended standards and interpretations adopted by the Group
Certain new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) are mandatory for reporting periods commencing 1 July 2022. These standards and interpretations did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Impact of standards issued but not yet applied by the Group
Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. The Accounting Standards and Interpretations that are most relevant to the Group are set out below:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
(Amendments to AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2, mandatory for the reporting period beginning on 1 July 2023).

Disclosure of accounting policies (Amendments to AASB101 and AASB Practice Statement 2)
The amendments require disclosure of 'material' rather than 'significant' accounting policies and provides guidance on the application of 'material' in this context. The Group is carrying out a review of its accounting policies. The Group expects this will result in a reduction and representation of accounting policies disclosed in future reporting periods.

Definition of Accounting Estimates (Amendments to AASB 108)

The amendments introduce the definition of 'accounting estimates' and clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The Group is continuing to evaluate the impacts of these amendments. The amendments are not expected to significantly affect future periods financial statements.

Note 21. Basis of preparation of half-year report (continued)

- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
(Amendments to AASB 1 and AASB 112, mandatory for the reporting period beginning on 1 July 2023).

The amendments clarify the accounting for deferred tax on transactions which require the recognition of both assets and liabilities e.g. leases and decommissioning obligations. There is a requirement for companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences i.e. the initial recognition exemption is not applied. The Group is currently adhering to these amendments. The amendments are not expected to significantly affect future periods financial statements.

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.

White Energy Company Limited
Directors' declaration
31 December 2022

In the Directors' opinion:

(a) the financial statements and notes set out on pages 10 to 30 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-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.

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

Brian Flannery
Managing Director

15 March 2023
Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF WHITE ENERGY COMPANY LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of White Energy Company Limited (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 in the half-year financial report, which describes management's assessment of the consolidated entity's ability to continue as a going concern. The consolidated entity incurred a net loss after tax of $3,609,000 and had net operating cash outflows of $2,251,000 for the half year ended 31 December 2022 and had net liabilities of $38,761,000 at that date. These conditions, along with the matters described in Note 1 indicate a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the consolidated entity a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of White Energy Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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SCOTT TOBUTT
PARTNER

15 MARCH 2023
SYDNEY, NSW