WHITEHAVEN COAL

Whitehaven Coal Limited ABN 68 124 425 396
Level 9, 1 York Street, Sydney NSW 2000
PO Box R1113, Royal Exchange NSW 1225
Tel: +61 2 8507 9700 Fax: +61 2 8507 9701
www.whitehavencoal.com.au

Whitehaven Coal Limited
Financial Results for year ended 30 June 2011 (FY 2011)

SYDNEY, 23 August 2011 - Whitehaven Coal Limited (ASX:WHC) today announced its financial results for the year ended 30 June 2011.

FINANCIAL HIGHLIGHTS

- Underlying net profit after tax (NPAT), before significant items, of $73.3 million, up 33.0% from FY10;
- NPAT after significant items of $9.9 million. Total significant items after tax of $63.4 million including:
  - $45.8 million from losses incurred on legacy contracts from both purchased coal and financial settlements
  - $11.4 million foreign exchange loss relating to the outstanding $US receivable from EdF for its Narrabri JV purchase
- A fully franked final dividend of 4.1 cents per share has been declared, payable on 30 September 2011. This takes the total dividend for the year to 7.4 cents per share;
- Revenue from coal sales of $427.0 million (net of purchased coal and excluding of NSW royalty), up 33% from FY2010;
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of $189.7 million (excluding coal purchases), reduced to $148.0 million after coal purchases;
- Cash generated from operations of $120.3 million, compared to $69.3 million in FY2010;
- Deferred proceeds of $190.8 million from previously announced sales of Narrabri JV interests received during the year; and
- Strong cash flow and financial position - $207.6 million cash available with net cash of $29.0 million compared to $141.0 million cash available and net cash of $46.1 million at 30 June 2010.

OPERATING HIGHLIGHTS

- Saleable coal production up 20% (equity basis) to 4.168 Mtpa, and up 19% (100% basis) to 4.687 Mtpa;
- Successful expansion of open cut mines which operated at an annual rate of almost 6 Mtpa of ROM coal in the June quarter;
- Narrabri mine production ramp up continuing with four continuous miners now operating and excellent underground mining conditions;
- Narrabri Coal Handling and Preparation Plant (CHPP) commenced commissioning in August 2011;

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- Definition of a 439 Mt open cut coal resource at Vickery with preliminary work indicating an open cut mine plan for Vickery of 4.5 Mtpa for at least 25 years with a stripping ratio of approximately 10:1;
- Continuing investment in infrastructure with rail and port capacity secured to meet growth profile;
- Expansion of the Gunnedah CHPP completed with washing capacity increased to 3 Mtpa and total coal handling and rail loading capacity to 4.2 Mtpa; and
- Heads of agreement signed with Idemitsu to extend existing Tarrawonga Joint Venture and share new CHPP and rail infrastructure.

Commenting on the result, Whitehaven Managing Director Mr Tony Haggarty said:

> *"Our key achievement this year has been to implement our growth plans and increase saleable production and margin while at the same time continuing to enhance our future growth profile.*
>
> *We now have an efficient and flexible open cut production base with significant growth coming from our Narrabri underground mine and the Vickery open cut beyond that.*
>
> *More than $225 million in new capital was invested in our business during the year, resulting in our open cut mines delivering their planned expansion to 5.5 Mtpa, and in the June quarter surpassing this target to produce at a rate of almost 6 Mtpa.*
>
> *At our new Narrabri mine we now have four continuous miners operating underground and the $130 million longwall is under construction. Our Narrabri CHPP commenced commissioning in August*
>
> *Continuing exploration and mine planning at our Vickery Project has delivered excellent results with the definition of a 439 Mt open cut coal resource with preliminary work indicating an open cut mine plan for Vickery of 4.5 Mtpa ROM for at least 25 years with a stripping ratio of approximately 10:1.*
>
> *In addition, government approval is expected to be granted for the Werris Creek and Rocglen extension projects during the current quarter, and we are expecting to lodge an Environmental Assessment for the Tarrawonga extension by the end of this calendar year.*
>
> *Overall, these development plans will see the investment of more than $600 million in additional new capital in north west NSW over the next five years.*
>
> *While the impact of legacy contracts on our earnings for the year has been disappointing, it is encouraging to note that we expect to have fulfilled all but 230,000 tonnes of these contracts by the end of the calendar year."*

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FINANCIAL PERFORMANCE

	FY2011 $m	FY2010 $m	Movement
Sales revenue	**622.2**	406.8	**+52.9%**
EBITDA before significant items	**148.0**	108.8	**+36.0%**
EBIT before significant items	**107.0**	76.7	**+39.5%**
NPAT before significant items	**73.3**	55.1	**+33.0%**
Significant items net of tax	**(63.4)**	59.8	**-206.0%**
NPAT after significant items	**9.9**	114.9	**-91.3%**
EPS-diluted	**2.0 cents**	24.0 cents	**-91.7%**

	FY2011 $m	FY2010 $m
Cash on Hand	**207.6**	141.0
Interest Cover Ratio (times)[1]	**7.87**	10.43
Interest Bearing Liabilities[2]	**178.6**	94.9
Net Cash Position	**29.0**	46.1
Net Assets	**1,040.5**	1,023.2
Gearing Ratio[3]	**-2.7%**	-4.7%

[1] EBIT before significant items to Interest Expense excluding FX in financing expense
[2] Interest bearing liabilities include loans from Rail Infrastructure Corporation for track upgrades ($20.6 million 2010, 21.6 million 2009)
[3] Net Debt to Net Debt plus Equity

Whitehaven's balance sheet remains strong. Cash on hand at FY2011 year-end, together with outstanding cash to be received from previously announced sales of the Narrabri JV interests and cash from operations, is expected to provide sufficient funding to complete the development of Narrabri Stage 2 and the expansion of Whitehaven's existing open cut mines.

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Cash flow from operations was $120.3 million for the year compared to $69.3 million for FY2010 due to increased coal sales. Closing cash on hand at 30 June 2011 was $207.6 million, compared to $141.0 million in FY10.

TREATMENT OF LEGACY CONTRACTS & SIGNIFICANT ITEMS

As previously reported, while Whitehaven's production in FY2011 first half was higher than the previous corresponding period, it was more than 0.65 Mt lower than planned – mainly due to an unusually high number of wet weather days.

This shortfall, together with increasing coal spot prices due to the Queensland floods and currency movements resulted in the following significant items being recorded in FY2011:

- $22.3 million from losses incurred on legacy contracts from sales of purchased coal on contracts that could not be filled with Whitehaven coal.
- $39.8 million from losses incurred on legacy contracts from financial settlements on contracts that could not be filled with either Whitehaven coal or purchased coal
- $3.3 million from provision for future losses on sale of coal into legacy contracts.

These legacy contracts are fixed-price, term contracts entered into in 2005-2006 with various coal trading companies. They have been outlined in previous releases and are shown on the following table.

Whitehaven Legacy Contracts Remaining at 30 June 2011

	FY2012		
	1st Half	**2nd Half**	**Total**
Tonnes - 000t	**1,542**	**230**	**1,772**
Price - US$/t	**69.86**	**63.07**	**68.98**

- Other significant items of $17.6 million have been booked primarily comprising an unrealised exchange loss relating to the outstanding $US receivable from EdF for its Narrabri JV purchase, and the write off of unsuccessful project bid costs.

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OPERATING PERFORMANCE

Consolidated Equity production and Sales (Equity Share)

Whitehaven Total – 000t	FY2011	FY2010	Movement
ROM Coal Production	4,592	3,724	+23%
Saleable Coal Production	4,168	3,480	+20%
Sales of Produced Coal	4,423	3,310	+28%
Sales of Purchased Coal	1,883	823	+138%
Total Coal Sales	6,126	4,133	+48%
Coal Stocks at Period End	444	430	+3%

Whitehaven Gunnedah Operations (Equity Share)

Whitehaven Total – 000t	FY2011	FY2010	Movement
ROM Coal Production	2,620	2,441	+7%
Saleable Coal Production	2,303	2,200	+5%
Sales of Produced Coal	2,327	2,101	+11%
Sales of Purchased Coal	1,883	823	+138%
Total Coal Sales	4,210	2,924	+44%
Coal Stocks at Period End	233	288	-19%

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Werris Creek Mine (Equity Share)

Whitehaven Total – 000t	FY2011	FY2010	Movement
ROM Coal Production	1,809	1,283	+41%
Saleable Coal Production	1,722	1,280	+34%
Sales of Produced Coal	1,777	1,209	+47%
Sales of Purchased Coal	-	-	0%
Total Coal Sales	1,777	1,209	+47%
Coal Stocks at Period End	186	143	+30%

Narrabri Mine (Equity Share)

Whitehaven Total – 000t	FY2011	FY2010	Movement
ROM Coal Production	163	-	-
Saleable Coal Production	143	-	-
Sales of Produced Coal	139	-	-
Sales of Purchased Coal	-	-	-
Total Coal Sales	139	-	-
Coal Stocks at Period End	25	-	-

Open cut operations

The Gunnedah Operations include Tarrawonga (70% owned by Whitehaven), Rocglen (100% owned by Whitehaven), and Sunnyside (100% owned by Whitehaven) mines and the Gunnedah coal handling and preparation plant and train load-out facility ("CHPP") (100% owned by Whitehaven). The Werris Creek Mine is 100% owned by Whitehaven.

Our open cut mines and Gunnedah CHPP underwent significant expansion during the year and in the June quarter produced at an annual rate of almost 6 Mtpa.

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In addition to this expansion, a number of approvals are currently being sought for extension of our existing projects. It is expected that the Werris Creek and Rocglen extension projects will receive NSW Government approval in the current quarter.

We have received Director General's Requirements in relation to our Tarrawonga Extension and are expecting to lodge an Environmental Assessment with the NSW Government by the end of this calendar year.

In addition, Whitehaven has entered into a Heads of Agreement with Boggabri Coal Pty Limited, a wholly-owned subsidiary of Idemitsu Australia Resources Pty Ltd (Idemitsu) in relation to an extension of the existing Tarrawonga Joint Venture. The proposed extension of the JV has benefits for both parties and promotes the most efficient use of assets in this part of the Gunnedah Basin.

Under the proposed arrangements:

- Tolling arrangements would be put in place to provide the Tarrawonga JV with access to the Boggabri Coal CHPP and rail spur; and
- Tenement ownership within the expanded JV area would be restructured to ensure WHC and Boggabri Coal continue to hold a 70% and 30% interest respectively in each tenement within the project area.

The Agreement is subject to a number of conditions, including approval of expansion plans at both Tarrawonga and Boggabri Coal. The Boggabri Coal expansion includes the development of a rail spur and CHPP.

Narrabri Mine

Whitehaven (operator) 70.0%
Electric Power Development Co. Ltd 7.5%
EDF Trading 7.5%
Upper Horn Investments Limited 7.5%
Daewoo International Corporation and Korea Resources Corporation 7.5%

Development of the Narrabri mine is proceeding as planned with construction of Stage 2 facilities and delivery of the longwall and other equipment on schedule and budget. The Narrabri CHPP has begun commissioning and the upgraded ventilation fans and shaft are well advanced.

Pre-drainage of CO2 from the coal seam is working well with confidence in gas extraction methods and gas modelling continuing to grow as the inventory of drained coal grows.

Mining conditions underground are excellent and development rates have improved as skills and experience grow and as development has moved away from pit-bottom setup into main road and longwall gate road development.

Some delays continue to be experienced in development as a result of the difficulty in recruiting experienced underground mine workers. However, at current development rates, commencement of the longwall is scheduled for February 2012.

Development of the main gate and tail gate roads for the first longwall panel is on the critical path for commencement of longwall mining and progress against schedule is being monitored closely.

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Sales of more than 200 Kt of Narrabri coal have now been made with coal stockpiling and handling systems working well and coal quality meeting expectations.

Ongoing review of Stage 2 costs, including tendering for all major components of the work, has not identified any material change to the budget capital cost estimate of approximately $300 million (100% basis).

DEVELOPMENT PROJECTS

Vickery

Whitehaven 100%

Work has continued at Vickery to further define JORC resources and reserves and to define the mine development plan. To date, a JORC open cut coal resource of 439 Mt has been defined in the combined Vickery area (Vickery, Merton, Bluevale and Canyon Extended). Current mine planning has defined an open cut JORC marketable reserve of some 113 Mt and further work is expected to increase these reserves.

Work is now well advanced to define an open cut mine plan for the Vickery area. Whitehaven expects this work to produce an open cut mine plan for Vickery of around 4.5 Mtpa ROM for at least 25 years with a stripping ratio of approximately 10:1 (m^3 overburden: ROM tonne).

Ongoing analysis of Vickery coal quality indicates that, if all ROM coal is washed, saleable coal yield would be more than 80% of predominantly low-ash, low-sulphur, low-phosphorus semi-soft coking and PCI coal, along with a component of low-sulphur, high-energy thermal coal.

This saleable coal yield can be increased by by-passing a proportion of low-ash ROM coal, as is done with Whitehaven's Tarrawonga coal. This will provide the Vickery project with a high degree of flexibility in producing metallurgical or premium thermal coal, depending on market conditions from time to time.

Whitehaven currently plans to lodge an application for development approval for Vickery in early 2012, with the aim of having approval and being in a position to commence mine production in calendar 2013.

INFRASTRUCTURE

Subsequent to balance date, Whitehaven announced that it has entered into long-term arrangements with Australian Rail Track Corporation (ARTC) for rail track access between the company's mines and Newcastle Port.

These arrangements are structured to provide Whitehaven with the rail track capacity required to match planned long-term production and port capacity. They are based upon the Hunter Valley Rail Access Undertaking approved by the Australian Competition & Consumer Commission in June 2011 and operate on a rolling ten-year term.

Entry into these arrangements with ARTC represents a significant milestone for Whitehaven, securing the required long term rail track capacity to support our significant growth plans.

In addition, Whitehaven and Pacific National (PN) entered into a long-term agreement for rail haulage in December 2009.

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The new coal train ordered by Whitehaven in 2009 was delivered and put into service in the September 2010 quarter. This train is being operated by PN under lease from Whitehaven. A second new train was delivered by PN in January 2011 and a third new train will be provided by PN in October 2011.

A Capacity Framework Agreement for providing access to additional port capacity at Newcastle was agreed by Newcastle Ports Corporation, PWCS and NCIG in April 2009 and subsequently approved by ACCC. Under this agreement, Whitehaven has access to approximately 10.2 Mtpa of port capacity from PWCS and NCIG.

Stage 1 of the new NCIG coal loading terminal (Whitehaven owns 11%) is continuing to ramp up to its 30 Mtpa capacity. Construction of the second stage (2AA) of NCIG is underway and is expected to be commissioned in mid-2012, taking the capacity of NCIG to 53 Mtpa. Final feasibility of the last stage of NCIG (2F) is complete and commitment to construction is expected in August 2011. This will take the port to its full capacity of 66 Mtpa in late 2013, of which Whitehaven's share will be approximately 6 Mtpa.

SAFETY

The safety and wellbeing of our workforce is our key priority and our safety culture is being further developed as our business expands in size and complexity. We recorded a significant increase in the number of individual hazard assessments and toolbox talks as well as improvemed our incident investigation and root cause analysis.

Despite the increased awareness of safety across the business, our key safety performance measure - Lost Time Injury Frequency Rate - has shown an increase this year, particularly in our open cut mines. We are determined to rectify this trend in LTIFR and a number of initiatives, including increased on-site supervision, have been introduced to ensure our workforce is focussed and proactively takes responsibilty for their own safety, and the safety of their workmates.

Additional resources have been allocated to our corporate safety team as well as site-based safety professionals.

THE ENVIRONMENT

Whitehaven is committed to ensuring its projects are carried out in accordance with site specific protocols for environmental management, and to the ongoing development of new ways to minimise our environmental impacts.

In terms of the environmental initiatives, we have worked hard to increase our level of engagement with local communities and this has resulted in a number of constructive variations to our mining plans. In addition, we have expanded our environmental management team, who are now working proactively with other companies in the Gunnedah Basin to assess and address the cumulative impacts of our combined developments.

CORPORATE

As widely reported during the year, in October 2010, following numerous approaches to the company over several months, Whitehaven announced that it was commencing a formal process to enable selected interested parties to conduct due diligence and submit proposals for a potential corporate transaction with the Company.

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In April 2011 we advised that the formal process was reaching a conclusion with shortlisted parties having completed due diligence and submitted formal proposals.

After further negotiation of these proposals, the Whitehaven board determined that no proposal was sufficiently attractive to warrant recommendation to shareholders.

The process was then terminated allowing the board and management to continue to focus on our existing high quality coal assets and to examine attractive growth opportunities.

CARBON TAX

The Federal government recently announced details of a proposed carbon tax commencing on 1st July 2012. The proposal is for a price commencing at $23 per tonne of CO2 equivalent. At this price, the company's current estimate of the impact of the tax is approximately $1.60 per tonne of saleable coal from the company's open cut and underground mines.

Further work is being undertaken to firm up the impact of the carbon tax on Whitehaven business and we will advise as more information becomes available.

OUTLOOK

Whitehaven has emerged from FY2011 with a strong financial position, low-risk open cut production base and attractive growth profile.

Careful management and investment in our infrastructure requirements means that we have appropriate infrastructure in place to support planned production in future.

Strong fundamental growth in demand for both metallurgical and thermal coal remains, although supply continues to be constrained by infrastructure and regulatory issues.

For further information, please contact:

Tony Haggarty – Managing Director — Tel: 02 8248 1257

Kate Kerrison – Kate Kerrison + Company — Tel: 0413 946 704
Email: kate@katekerrison.com.au