



Whitehaven Coal Limited Financial Results for year ended 30 June 2010 (FY 2010)

SYDNEY, 24 August 2010 - Whitehaven Coal Limited (ASX:WHC) today announced its financial results for the year ended 30 June, 2010.

FINANCIAL HIGHLIGHTS

- Net profit after tax (NPAT) of \$114.9 million, including NPAT of \$59.8 million from the sale of 7.5% of the Narrabri Joint Venture and other significant items;
- Underlying NPAT, before significant items, of \$55.1 million
- A fully franked final dividend of 2.8 cents per share has been declared, payable on 30 September 2010;
- Revenue of \$328.2 million (net of purchased coal and excluding of NSW royalty), down 8% from FY09;
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$129.0 million (excluding coal purchases), reduced to \$108.8 million after coal purchases;
- Cash generated from operations of \$69.3 million, compared to \$135.6 million in FY09;
- Proceeds received from the sale of Narrabri of \$99.7 million during the year; and
- Strong cash flow and financial position - \$141.0 million cash available with net cash of \$46.1 million compared to \$131.2 million cash available and net cash of \$52.9 million at 30 June 2009.

OPERATING HIGHLIGHTS

- Coal sales up 16% (equity basis) compared with previous year (up 13% on 100% basis);
- Saleable coal production up 24% (equity basis) from FY09 (up 20% on 100% basis);
- The ongoing expansion of Whitehaven's open cut mines and the Gunnedah CHPP to their combined design and permitted capacity of 5.5 Mtpa of saleable coal is nearing completion;
- Construction of the Narrabri Stage 1 was completed during the final quarter of FY10 with first coal production achieved on 28 June, 2010;
- NSW Government approval has been received for Narrabri Stage 2 (subsequent to balance date). The Stage 2 longwall equipment was specified and ordered in September 2009. Delivery is expected to commence in January 2011, with installation underground scheduled for the September quarter of FY11; and
- The new coal train ordered by Whitehaven in 2009 was delivered and put into service in June 2010.



- Construction of the new NCIG coal loading terminal (Whitehaven owns 11%) achieved its objective of shipping its first coal at the end of March 2010 and achieved practical completion as planned in June 2010.

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

“This has been a very significant year for Whitehaven, with our first major underground project – the Narrabri mine - moving into production after a three-year development phase.

We have also undertaken a major expansion of our existing open cut operations, which continue to provide a substantial low-risk production base for our business.

At the same time, the company has enhanced its development pipeline with the acquisition of the Vickery assets in the Gunnedah Basin.

Since balance date we have received approval from the New South Wales State Government to proceed with the \$300 million Stage 2 longwall development at the Narrabri mine.

These combined initiatives deliver a significant growth profile for Whitehaven shareholders, with saleable coal production expected to increase to approximately 6 Mtpa in FY11 (100% basis) – an increase of around 50% on FY10 production.

As the longwall operation at Narrabri moves into full production in FY13, Whitehaven’s annual saleable coal production is expected to increase to at least 9.5 Mtpa (the current limit of Whitehaven’s port capacity entitlement).

This places Whitehaven in a key position as one of Australia’s few large independent coal producers, and the leading producer in the prospective Gunnedah Basin region of New South Wales.”

FINANCIAL PERFORMANCE

	FY 2010 \$m	FY 2009 \$m	Movement
Sales revenue	406.8	489.4	-16.9%
EBITDA before significant items	108.8	136.3	-20.2%
EBIT before significant items	76.7	110.0	-30.3%
NPAT before significant items	55.1	77.3	-28.7%
Significant items net of tax	59.8	166.9	-64.2%
NPAT after significant items	114.9	244.2	-53.0%
EPS-diluted	24.0 cents	60.3 cents	-60.2%



	FY 2010 \$m	FY 2009 \$m
Cash on Hand	141.0	131.2
Interest Cover Ratio (times) ¹	10.43	19.45
Interest Bearing Liabilities ²	94.9	78.2
Net Cash Position	46.1	53.0
Net Assets	1,023.2	722.8
Gearing Ratio ³	-4.7%	-7.9%

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 very strong. Cash on hand at FY10 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.

Cash flow from operations was \$69.3 million for the year compared to \$135.6 million for FY09 due to a reduction in average coal prices. Closing cash on hand at 30 June 2010 was \$141.0 million, compared to \$131.2 million in FY09.

OPERATING PERFORMANCE

Consolidated Equity production and Sales (Equity Share)

Whitehaven Total – 000t	FY 2010	FY 2009	Movement
ROM Coal Production	3,724	3,025	+23%
Saleable Coal Production	3,480	2,797	+24%
Sales of Produced Coal	3,310	2,753	+20%
Sales of Purchased Coal	823	811	+1%
Total Coal Sales	4,133	3,564	+16%
Coal Stocks at Period End	430	317	+36%



Whitehaven Gunnedah Operations (Equity Share)

Whitehaven Total – 000t	2010	2009	Movement
ROM Coal Production	2,441	1,902	+28%
Saleable Coal Production	2,200	1,690	+30%
Sales of Produced Coal	2,101	1,651	+27%
Sales of Purchased Coal	823	811	+1%
Total Coal Sales	2,924	2,462	+19%
Coal Stocks at Period End	288	233	+24%

Werris Creek Mine (Equity Share)

Whitehaven Total – 000t	2010	2009	Movement
ROM Coal Production	1,283	1,123	+14%
Saleable Coal Production	1,280	1,107	+16%
Sales of Produced Coal	1,209	1,102	+10%
Sales of Purchased Coal	-	-	0%
Total Coal Sales	1,209	1,102	+10%
Coal Stocks at Period End	143	84	+70%

Open cut operations

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

Whitehaven’s open cut mines continued to perform well during the year. Work has been continuing to expand the mines to their combined design and permitted capacity of approximately 5.5 Mtpa of saleable coal.

As part of this, a new Hitachi EX3600 excavator plus second hand Cat 785 rear dump trucks were delivered to Werris Creek mine in late December 2009. Other supplementary equipment including a drill, bulldozers, a grader and a front end loader were delivered in early 2010.

An additional excavator was deployed initially at Werris Creek mine in February 2010 to boost overburden capacity and this machine was then moved permanently to Tarrawonga in late May 2010 to help increase Tarrawonga production to 2 Mtpa ROM.

In conjunction with the mine expansion, the company's CHPP is undergoing a significant upgrade to facilitate treatment of increased tonnage of up to 4 Mtpa.

The remaining 2.0 Mtpa saleable open cut coal will be crushed and loaded from the Werris Creek site.

Both of the open cut and CHPP expansions have been implemented to coincide with the ramp-up of port capacity at the NCIG loading facility in Newcastle, and the increased rail and train capacity becoming available as part of ongoing rail infrastructure upgrades.

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%

With the exception of the final section of the third access drift, construction of Narrabri Stage 1 is complete. First coal production was achieved by continuous miner on 28 June, 2010 and the second continuous miner unit went underground on 16 August, 2010.

Except for the cost of the underground access drifts, construction costs for Narrabri Stage 1 were within budget. As previously outlined, adverse ground conditions were encountered during drift construction, with the consequential delay resulting in additional costs for this component of the project. Total Stage 1 investment was approximately \$227million.

An amended Stage 1 approval for Narrabri was received in March 2010, allowing construction of the Stage 2 CHPP, ventilation shaft and other ancillary works to proceed. The full Stage 2 approval for longwall mining was granted by the NSW Minister for Planning, The Hon Tony Kelly MLC, on 28 July, 2010.

The Stage 2 longwall equipment was specified and ordered in September 2009 and delivery is expected to commence in January 2011, with installation underground scheduled for the September quarter of FY11.

The Bucyrus longwall ordered for Narrabri is designed to allow retro-fitting of top coal caving (TCC) equipment in the future. TCC is a proven method of extracting thick-seam coal by longwall methods, but its applicability at Narrabri will only be proven following further technical work and operational experience. If suitable for Narrabri, TCC has the potential to substantially increase the Narrabri mine's coal reserves and annual production in the future.



Most of the other Stage 2 equipment and construction contracts have now been tendered and awarded, including the contract for the Narrabri CHPP.

The final design for the Narrabri CHPP includes a dense medium cyclone unit to allow the production of up to 40% of PCI coal. Construction of the plant is expected to be completed in May 2011.

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

A detailed analysis of surface to in-seam (SIS) gas drainage results achieved at Narrabri over the last nine months has been carried out to produce an updated model of in-situ gas content and drainage patterns. Gas drainage to date has been successful in reducing gas content substantially with most test samples now showing gas content well below the required level. The increasing database of gas drainage results is allowing future gas drainage plans to be developed with a high level of confidence.

DEVELOPMENT PROJECTS

Vickery

Whitehaven 100%

Whitehaven's agreement with Coal & Allied Industries Limited (CAIL) to acquire the Vickery Coal Project ("Vickery") for \$31.5 million cash plus approximately 1,150 ha of land was completed in January 2010. The Vickery assets acquired comprise Authorisation 406 (A406), Coal Lease 316 (CL316), approximately 3,450 ha of associated land and 399 megalitres per year of water licences.

Whitehaven holds several coal tenements adjacent to CL316 and Vickery is an important "bolt-on" acquisition for Whitehaven. It consolidates the company's significant tenement holding in the Gunnedah region. An initial JORC open cut resource of 272.7 million tonnes has been identified.

Indications are that Vickery could provide Whitehaven with a significant increase in metallurgical coal reserves. There are nine coal seams contained within the Vickery tenements of which three, the Shannon Harbour, Stratford and Cranleigh seams, are believed to have economic potential.

The quality of these coal seams ranges from high volatile soft coking coal to low ash, high energy thermal coal.

Werris Creek Life of Mine Project

Whitehaven 100%

A Preliminary Environmental Assessment (PEA) has been submitted to the Department of Planning as the first step in seeking approval for an extension to the mine's life.

Ongoing exploration at the Werris Creek mine has shown that the Werris Creek coal deposit is isolated and the extent of the resource has now been fully outlined.



The Werris Creek Life of Mine Project involves a small increase in the approved rate of mining from 2.0 Mtpa to 2.5 Mtpa and the extended resource would provide an additional 20 year mine life beyond the currently approved mining area.

The PEA proposal includes an increase in ROM and Product Coal Stockpiles from 100,000 tonnes to 200,000 tonnes; construction of a rail loop to minimise impact on the current rail line and an increase in coal transport by road to domestic customers to 100,000 tonnes from 50,000 tonnes per annum.

Tarrawonga Modification

Whitehaven 70%
Idemitsu Australia Resources 30%

Ongoing exploration has resulted in a significant increase in reserves and resources at the Tarrawonga mine.

The mine is currently seeking a modification to its approvals to increase the total coal production from approximately 12.4 to 16.4 million tonnes and improve the associated infrastructure to meet the requirements of the increased tonnage. The proposal does not involve changes to the mining method, maximum production rate (up to 2.0 Mtpa), mine workforce, or the life of the mine (i.e. 8 to 10 years).

INFRASTRUCTURE

Whitehaven has entitlements to adequate track capacity to meet its current growth plans and is continuing to work with Australian Rail Track Corporation (ARTC), Rail Infrastructure Corporation (RIC) and other potential rail users in the Gunnedah Basin to identify and progress capital works required to meet future track capacity needs.

Whitehaven and Pacific National (PN) entered into a long term agreement for rail haulage in December 2009. When combined with track capacity entitlements, this contract provides for rail capacity to meet Whitehaven's existing growth plans and port capacity.

The new coal train ordered by Whitehaven in 2009 was delivered and put into service in June 2010. This train is being operated by PN under lease from Whitehaven. A second new train is expected to be provided by PN in late calendar year 2010, with a third ordered for the last quarter of calendar year 2011.

A Capacity Framework Agreement for providing access to additional port capacity at Newcastle was agreed by Newcastle Ports Corporation, Port Waratah Coal Services (PWCS) and NCIG in April 2009 and subsequently approved by ACCC. Under this agreement, Whitehaven will have access to at least 9.5 Mtpa of port capacity from PWCS (3.6 Mtpa), NCIG Stage 1 (3.3 Mtpa) and NCIG Stage 2 (2.6 Mtpa).

The NCIG coal loading terminal (Whitehaven owns 11%) achieved practical completion as planned in June 2010 and is continuing to ramp up throughput, albeit restricted to Panamax size ships until late 2011.

Whitehaven expects to have capacity of approximately 2.6 Mt at NCIG in FY11 which, along with 3.6 Mt from PWCS, is sufficient to meet a coal sales target of more than 6 Mt (100% basis) for FY11.



SAFETY

Whitehaven's safety record has continued to improve during the year, with our LTIFR being maintained below average industry level and our number of Lost Time Injuries continuing to decline from 6 in FY09 to 4 in FY10.

We have been continuing to focus on safety basics and general continuous improvement.

These initiatives include increased legal compliance auditing, improved contractor management, more detailed incident reporting and further development of our overall OH&S Management System.

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.

Our environmental team has been expanded during the year – in line with our overall growth – and we expect the team will continue to grow in the current year.

CORPORATE

Whitehaven was included in the ASX 200 index during the December quarter. The inclusion followed a significant increase in trading in the company's shares after the successful \$208 million equity raising during July 2009.

In October 2009 Whitehaven entered into a new banking facility with ANZ and Macquarie Bank Limited to replace existing facilities which were being wound down by the company's previous financier as it withdrew from the mining and resource sectors in Australia.

The new facility is for a 3 year term and comprises bank guarantees (totaling approximately \$100 million) and banking lines for commodity and foreign exchange hedging. The new facility includes a change of control provision which is triggered in the event that a change of control of Whitehaven occurs, as defined in the Corporations Act.

BOARD AND MANAGEMENT

In July 2009 Mr Timothy Burt was appointed General Counsel and Joint Company Secretary.



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

OUTLOOK

Whitehaven has emerged from FY10 with a strong financial position, low-risk open cut production base and attractive growth profile.

Careful management and investment in our infrastructure requirements means we have appropriate infrastructure in place to support FY11 production.

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

For further information, please contact:

Tony Haggarty – Managing Director

Kate Kerrison – Kate Kerrison + Company

Tel: 02 8248 1257

Tel: 0413 946 704

Email: kate@katekerrison.com.au