

Whitehaven Coal Limited Delivering Growth

Morgan Stanley Presentation

**Sydney, Australia
4 May 2010**



WHITEHAVEN COAL

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Qualifications and Statement

Information in this report that relates to Coal Resources and Reserves is based on and accurately reflects reports prepared by the Competent Person named beside the respective information. All these persons are consultants for Whitehaven Coal Limited. Mr Colin Coxhead is a private consultant. Mr Chris Turvey is a private consultant. Mr Tom Bradbury is a full time employee of Geos Mining. Mr Graeme Rigg is a full time employee of Minarco-MineConsult Pty Ltd. Mr Paul Westcott is a part time employee of Minarco-MineConsult Pty Ltd.

Named Competent Persons consent to the inclusion of material in the form and context in which it appears. This Coal Resources and Reserves statement was compiled by Mr Mark Dawson, Group Geologist, Whitehaven Coal Limited. All Competent Persons named are Members of the Australian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and have the relevant experience in relation to the mineralisation being reported on by them to qualify as Competent Persons as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).



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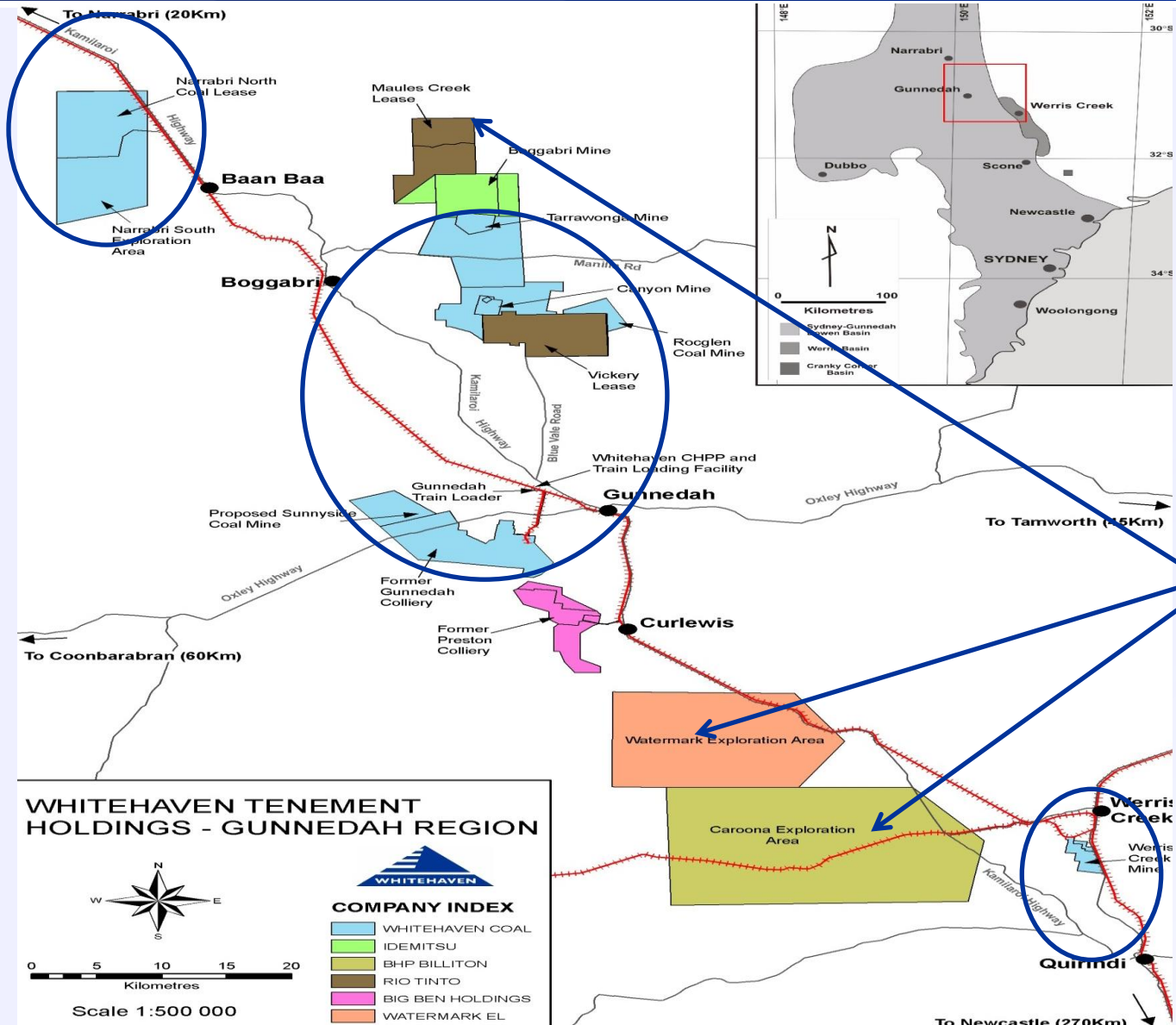
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- ▶ **Overview**
- ▶ Recent operating and financial results
- ▶ Status of growth plans
- ▶ Outlook

A snapshot

- ▶ ASX listed company “WHC”; market capitalisation ~A\$2.4 billion
- ▶ Large coal resources in the Gunnedah Basin (*refer ASX release 23rd February*)
- ▶ Superior coal quality: PCI + low-ash, low-sulphur, high energy thermal coals
- ▶ First mover and major coal producer/developer in the Gunnedah Basin
- ▶ Saleable production capacity of up to ~5.5 Mtpa (100%) from 4 opencut mines
- ▶ Narrabri underground mine (Stage 1 CMs, Stage 2 longwall) now in construction with production to commence in June;
- ▶ Narrabri expected to increase saleable production capacity to ~10.5 Mtpa (100%)
- ▶ Efficient mines & high product coal yields (>90%) offset extra rail haulage distance
- ▶ Managed by experienced coal executives with proven track records
- ▶ Board & management own significant WHC equity
- ▶ Strong financial position

Whitehaven is the leading coal producer and developer in the Gunnedah Basin



- ▶ Whitehaven recognised the value of Gunnedah Basin coal early and has built up a large resource base over 11 years
- ▶ Narrabri was the last large Exploration Licence (EL) issued under the old NSW system, i.e. without competitive tender
- ▶ Transactions since highlight the value now placed on Gunnedah Basin coal resources. BHP at Caroon, Shenhua at Watermark and Aston at Maules Creek
- ▶ The acquisition of Bluevale (Vickery) further consolidates Whitehaven's resource position and provides substantial exploration potential

Experienced managers/owners

Director/Title	Experience
John Conde AO <i>Non-Executive Chairman</i>	+30 years commercial experience
Neil Chatfield <i>Non-Executive Director</i>	+25 years in transport and resources industries
Allan Davies <i>Executive Director - Operations</i>	+25 years coal industry experience
Tony Haggarty <i>Managing Director</i>	+25 years coal industry experience
Alex Krueger <i>Non-Executive Director</i>	+12 years of investment experience in coal and energy (First Reserve)
Hans Mende <i>Non-Executive Director</i>	+35 years of coal industry experience (AMCI)
Andy Plummer <i>Executive Director - Finance</i>	+30 years coal industry and finance experience

- ▶ Directors have extensive coal industry experience.
- ▶ Directors are proven mine developers and operators.
- ▶ Directors and senior management own significant WHC equity
- ▶ First Reserve Corporation and AMCI are the largest shareholders
- ▶ Directors are focused on profitability, adding value & dividends.

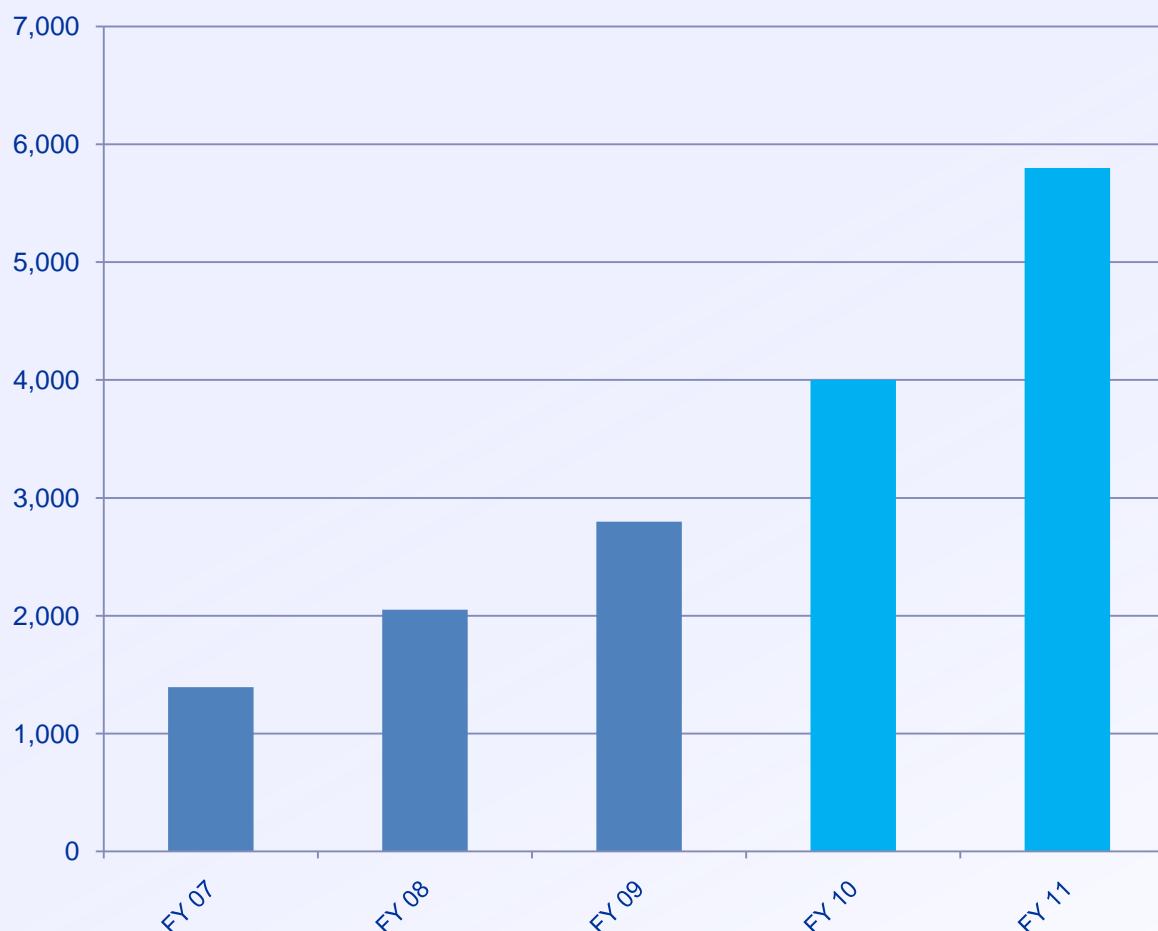
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Coal production and sales are growing rapidly

- ▶ Saleable coal production and coal sales have been growing rapidly since WHC was listed on the ASX in June 2007
- ▶ Four existing open-cut mines will produce around ~5.5 Mtpa saleable coal in FY 11 following the current upgrade
- ▶ More open-cut capacity can be developed in future from existing resources + Bluevale/Vickery
- ▶ Growth may be constrained in the medium term by port capacity, but it is likely that there will be opportunities to access additional capacity on a short term basis over the next few years
- ▶ 11% ownership of NCIG is an important asset

Saleable Coal Production ¹.



1. 100% basis. FY 10 and FY 11 estimates relate to planned future events and expectations and as such involve known and unknown risks and uncertainties. Please refer to Disclaimer

Recent business development highlights

- ▶ Coal Resources and Marketable Coal Reserves (JORC) increased substantially (refer ASX release 23 February)
- ▶ Purchased the Vickery coal assets from Coal & Allied for \$31.5 million plus 1,150 ha of land
- ▶ Accelerated exploration program with budget of \$5 million in calendar 2010
- ▶ Narrabri Stage 1 surface construction almost complete and within budget
- ▶ Completion of Narrabri underground drift entries delayed due to poor ground conditions, but now within 5 metres of coal seam
- ▶ Narrabri amended Stage 1 approval received and Stage 2 project approval expected shortly
- ▶ Narrabri longwall and associated equipment scheduled for delivery in late 2010 with first longwall coal in mid-2011
- ▶ Development of NCIG port progressed well; first coal was shipped in March, on schedule
- ▶ Concluded a long term contract with Port Waratah Coal Services for 3.6 Mtpa
- ▶ Concluded long term rail haulage contract with PN and acquired a new coal train
- ▶ Replaced leasing, guarantee and FX credit facilities with ANZ and Macquarie

First half operating highlights - FY 2010

- ▶ **Coal sales up 32% (equity basis)**
- ▶ **Saleable coal production up 50% (equity basis)**
- ▶ All operations performed well in terms of safety, environmental management, production and cost control
- ▶ Expansion of saleable open-cut coal production to 5.5 Mtpa, by Q3 calendar 2010:
 - ▶ Additional excavator and trucks at Werris Creek to take it to 2.0 Mtpa saleable
 - ▶ Additional excavator and trucks at Tarrawonga to take it to 1.8 Mtpa saleable
 - ▶ Rocglen to increase to 1.2 Mtpa saleable
 - ▶ Sunnyside to increase to ~0.5 Mtpa saleable
 - ▶ Gunnedah CHPP being upgraded to 550 tph, plus upgrades to crushing, screening and coal loading facilities at Werris Creek, Tarrawonga and Sunnyside

First half financial highlights - FY 2010

- ▶ **Net profit after tax (NPAT) of \$83.5 million¹**
- ▶ **Underlying NPAT (excluding Significant Items) of \$27.1 million, up 35%**
- ▶ **Interim fully franked dividend of 2.8 cents per share²**
- ▶ Average cost of sales per tonne down 10% from last year
- ▶ EBITDA of \$53.9 million
- ▶ Cash generated from operations of \$36.1 million
- ▶ Net cash flow of \$101.4 million
- ▶ Strong financial position at 31 December with net assets of \$1,037.8 million, including \$232.6 million cash on hand and interest bearing liabilities of \$82.6 million

Note 1. Including NPAT of \$56.4 million from the sale of 7.5% of the Narrabri Joint Venture and other Significant Items

Note 2. Record date 12 March, payment date 31 March

31 December 2009 financial position

A\$ millions	Dec 31 - 2008	Dec 31 - 2009
Cash	76.6	232.6
Current receivables	172.4	251.7
Other current assets	53.1	90.2
Current assets	302.1	574.5
Non-current receivables	157.0	72.2
Other non-current assets	462.7	646.1
Total assets	921.8	1,292.8
Current payables	40.2	71.8
Current tax payable	85.9	57.4
Current interest bearing loans and borrowings	28.1	34.6
Other current liabilities	27.8	8.4
Current liabilities	182.0	172.2
Non-current payables	10.9	-
Non-current interest bearing loans and borrowings	45.4	48.0
Other non-current liabilities	61.6	34.8
Total liabilities	299.9	255.0
Net assets	621.9	1,037.8
Share capital	367.3	583.7
Retained earnings	306.3	393.6
Reserves	(51.7)	60.5
Total equity	621.9	1,037.8

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Open-cut expansion to 5.5 Mtpa saleable underway

► Werris Creek Mine (WHC 100%)

- Reserves to support 15 – 20 year LOM
- Permitted to 2.0 Mtpa
- PCI and thermal coals
- Saleable coal yield 100%
- Own crushing and rail load-out

► Tarrawonga Mine (WHC 70%)

- Reserves to support 15 – 20 year LOM
- Permitted to 2.0 Mtpa ROM
- PCI & high quality thermal coals
- Saleable coal yield >90%

► Rocglen Mine (WHC 100%)

- Reserves to support 8 – 10 year LOM
- Permitted to 1.5 Mtpa ROM
- PCI and thermal coals
- Saleable coal yield ~80%

► Sunnyside Mine (WHC 100%)

- Reserves to support +20 year LOM
- Permitted to 1.0 Mtpa ROM
- Thermal coals
- Saleable coal yield ~80%



Gunnedah CHPP and rail loader being upgraded

► Gunnedah CHPP (WHC 100%)

- Permitted to handle and rail 4.0 Mtpa saleable coal
- Being upgraded to handle planned 3.5 Mtpa saleable production from Tarrawonga, Rocglen & Sunnyside
- Remaining 2.0 Mtpa saleable open-cut coal will be crushed and loaded from Werris Creek



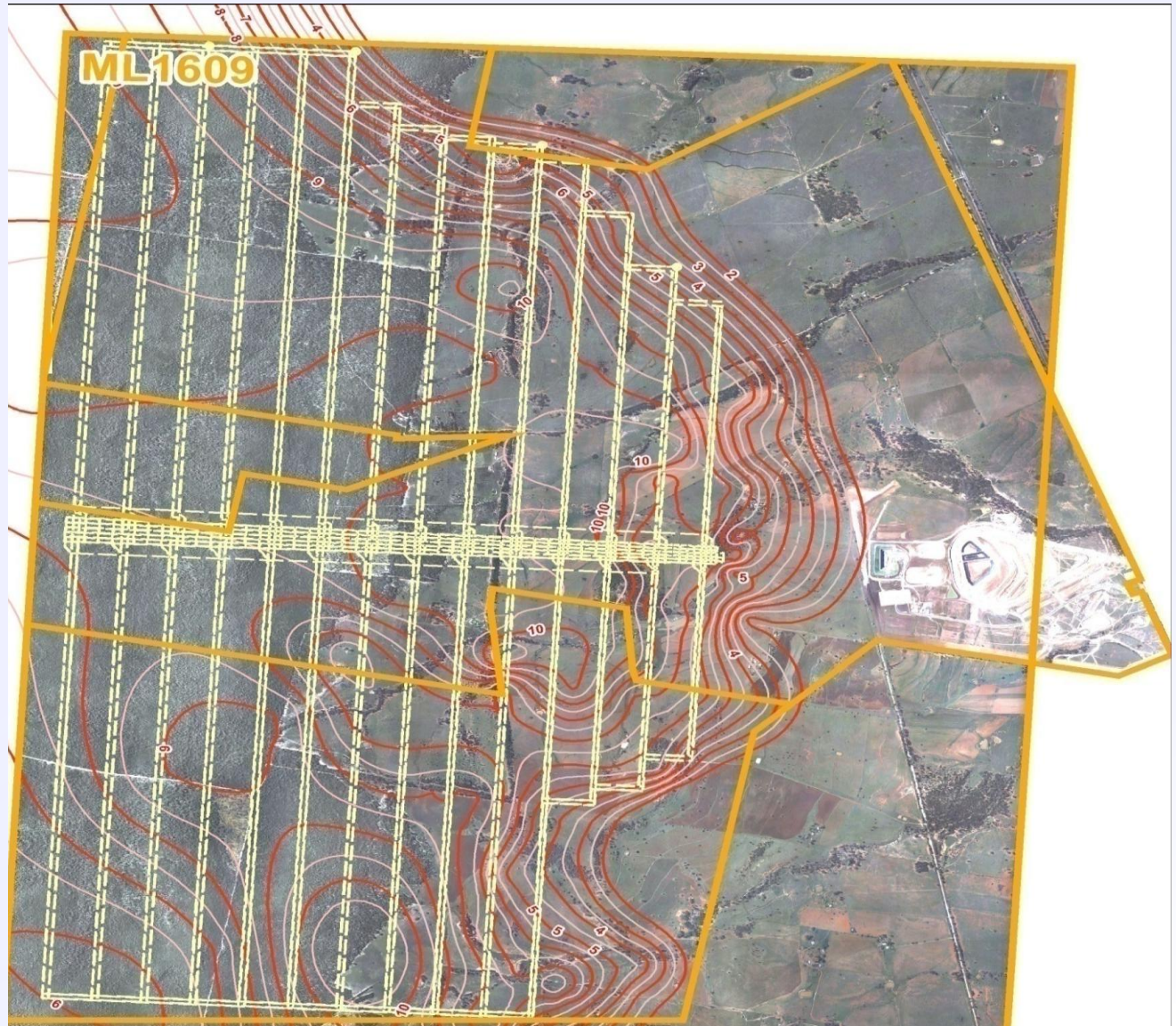
Narrabri underground mine development

- ▶ Coal resources of 854.6 Mt in single seam of 8-9 metres thickness
- ▶ Marketable reserves of ~199.9 Mt based on extracting the bottom 4.2 metre section of the seam
- ▶ Low ash, high energy, low sulphur PCI and thermal coals for the export market
- ▶ Saleable coal yield ~95%
- ▶ Planned production of 500 – 700 Ktpa from continuous miner operations while developing for longwall



Narrabri longwall mine plan

- ▶ Seam thickness 8-9 metres
- ▶ 26 longwall panels
- ▶ Full panel length 4,000 metres
- ▶ 300 metre panel width
- ▶ 6 Mt panels at 4.2 metre mining height
- ▶ Potential for 12 Mt panels with top coal caving
- ▶ High productivity expected due to thickness and continuity of the coal seam



Narrabri Stage 1 construction almost complete

- ▶ Kamilaroi Hwy Upgrade
- ▶ Earthworks & Rehab
- ▶ Access & Kurrajong Rds
- ▶ 66kv Transmission Line
- ▶ Rail Loop
- ▶ Ventilation Fans
- ▶ Industrial & Admin
- ▶ Mine Entries
- ▶ Sewerage Plant
- ▶ Boxcut
- ▶ Mining Equipment
- ▶ Crushing Plant
- ▶ Train Loadout
- ▶ Drift Construction



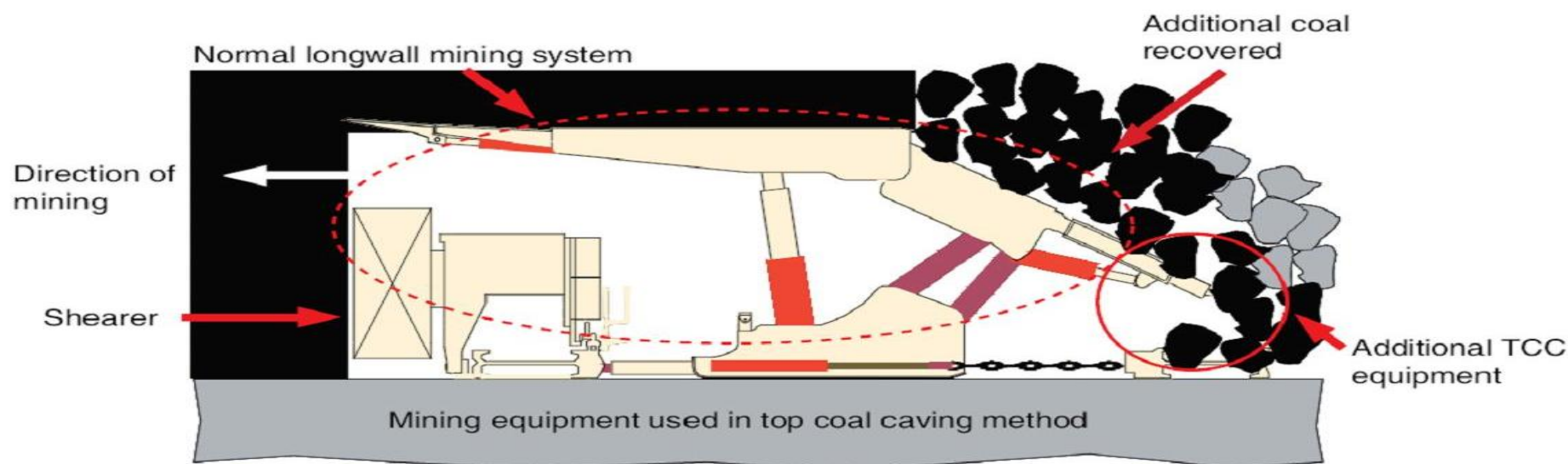
Narrabri Stage 2 progressing well

- ▶ Stage 2 proposal lodged with the NSW Government for approval; progressing through the system as expected
- ▶ Longwall ordered in September 2009, for delivery in late 2010
- ▶ Ventilation shaft, CHPP and other key Stage 2 facilities designed, tendered and construction now commencing following Government approval
- ▶ Stage 1 drift drivage delay will cause corresponding delay to development of longwall panel 1, currently scheduled to be installed in mid-2011
- ▶ Stage 2 capital estimate of ~\$300 million (100% basis) verified by the tendering process, which is ~70% complete



Preliminary evaluation of top coal caving for Narrabri

- ▶ First 2 longwall panels will mine 4.2 metre bottom section & will provide experience of caving & geo-tech characteristics
- ▶ Potential thereafter for top coal caving (TCC) which could:
 - ▶ Recover most of the 8-9 metre coal seam; increase resource recovery (+300 Mt) & extend mine life
 - ▶ Provide lower development costs (potential to reduce development CM units from 3 to 1)
 - ▶ Reduce gas management and spontaneous combustion risks and costs
 - ▶ Allow increase in LW production from 6 Mtpa to 9.5 Mtpa with low additional UG capex
 - ▶ But, would need substantial capacity upgrade to surface facilities & may require washing of full seam
- ▶ Narrabri longwall has been designed with option to retrofit TCC during a normal longwall change-out

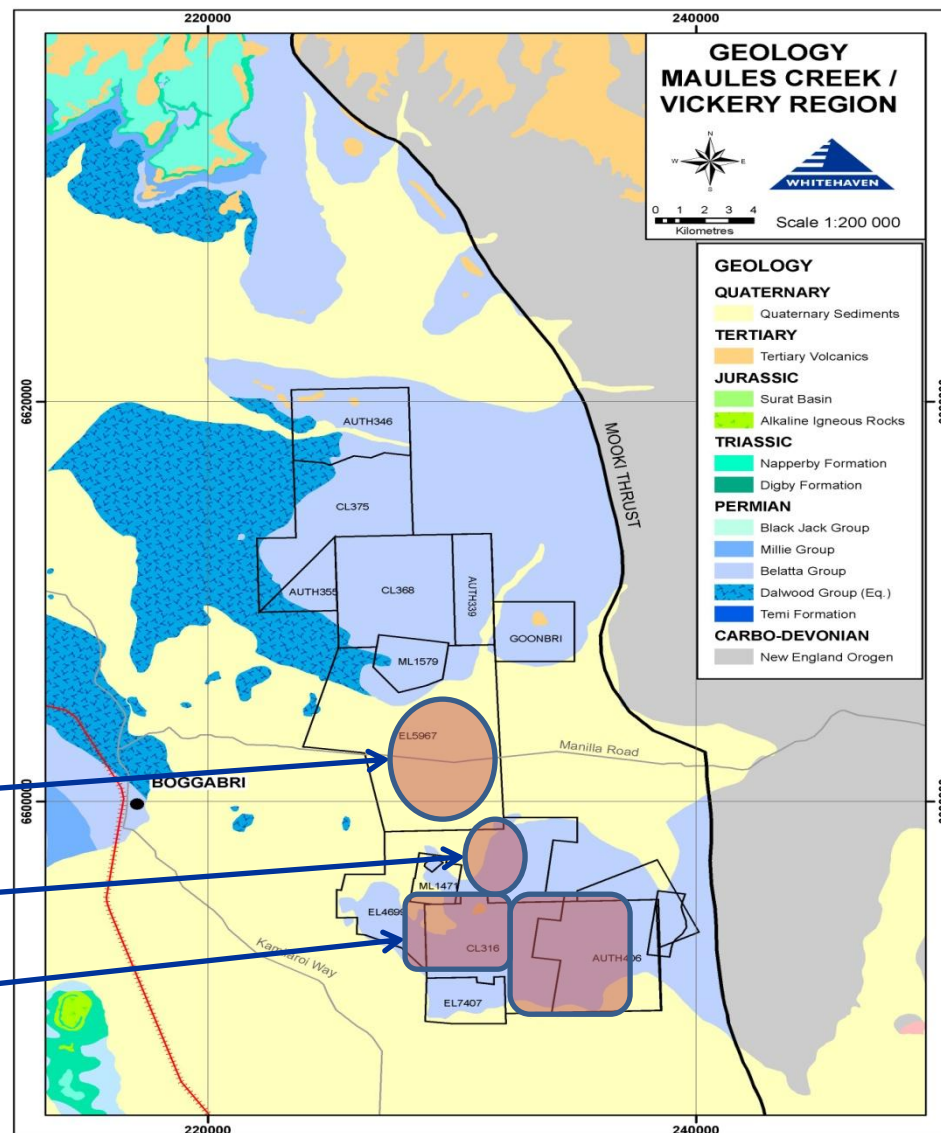


Narrabri can produce PCI coal, up to 40% of ROM

- ▶ Coal quality and washability analyses of large diameter bore-cores from Narrabri show that substantial quantities of PCI coal can be produced
- ▶ By adding a dense-medium cyclone (DMC) to the planned Stage 2 CHPP, indications are that ~40% of ~7.5% ash PCI coal and ~55% of ~11% ash thermal coal can be produced (i.e. total saleable coal yield of ~95%)
- ▶ If the full Narrabri seam is extracted in future using top coal caving (TCC), indications are that there is potential to produce up to 35% of ~7.5% ash PCI coal and 50% of ~13.5% ash thermal coal (i.e. total saleable coal yield of ~85%)
- ▶ Tenders have been received for the Stage 2 CHPP and the contract has been awarded to Sedgman
- ▶ The plant includes a circuit for producing PCI and will take approximately 12 months to build

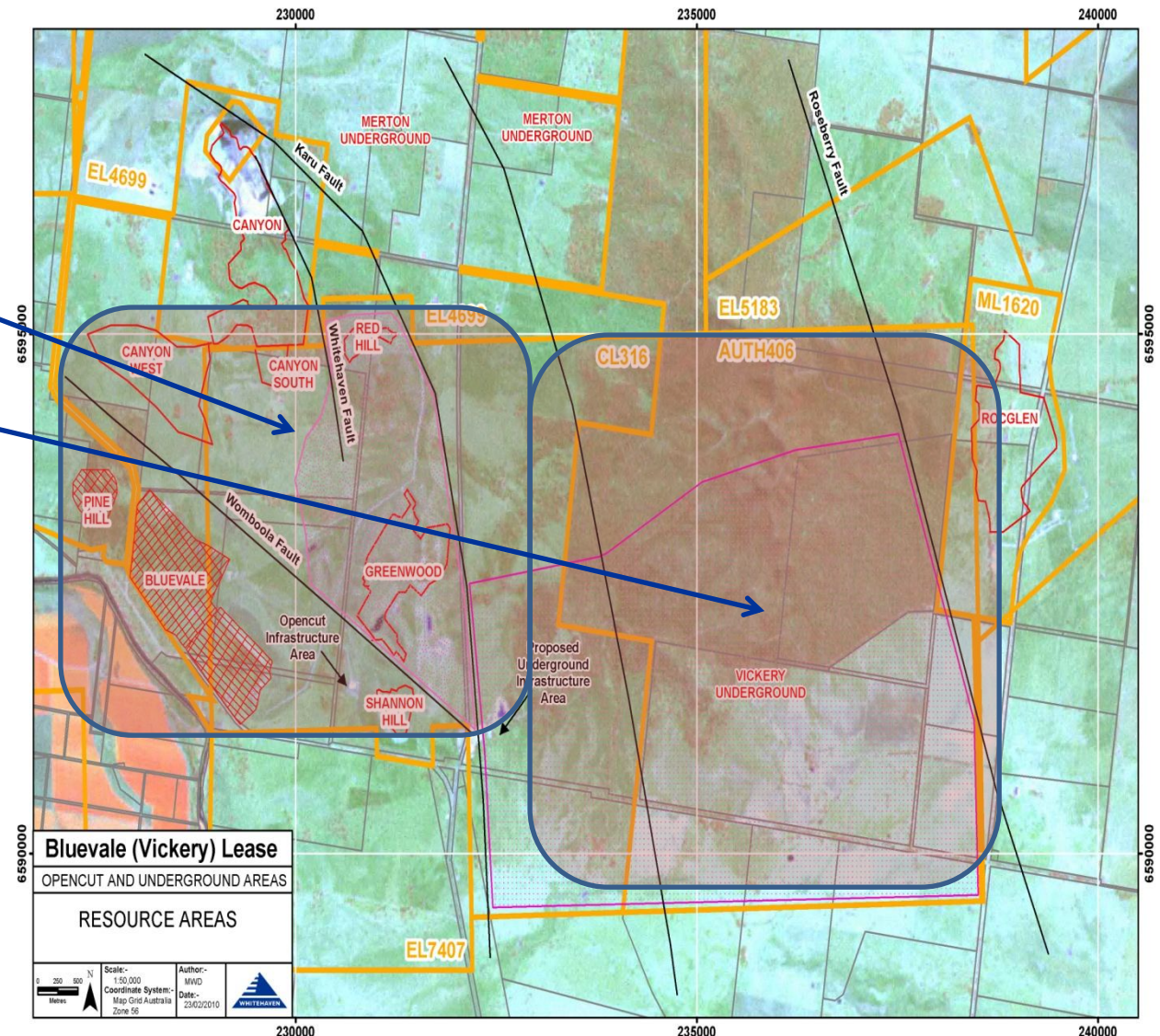
Significant exploration program, targeting Bluevale

- ▶ Whitehaven has a very large tenement holding between Gunnedah and Boggabri (including Bluevale) which has not been explored fully
- ▶ Substantial potential exists to increase coal resources and reserves
- ▶ Exploration efforts are currently focussed on:
 - ▶ Driggle Draggie
 - ▶ Merton
 - ▶ Bluevale



Bluevale (formerly Vickery) has a large coal inventory

- ▶ Exploration in the Bluevale area is focussed on:
 - ▶ extending the known Bluevale open-cut area
 - ▶ defining underground resources and reserves
- ▶ Coal seams being explored include the Shannon Harbour, Stratford, Bluevale, Cranleigh and Gundawarra seams
- ▶ These seams contain a range of soft coking coal, semi-soft coking coal, PCI and high quality thermal coals



Rail infrastructure to meet Whitehaven's growth

- ▶ Whitehaven (60%) and Idemitsu (40%) sponsored RIC and ARTC investments which have increased rail track capacity north of Muswellbrook, to meet the needs of Whitehaven & Idemitsu
- ▶ In return, Whitehaven and Idemitsu have rights to track capacity north of Werris Creek, under the terms of a deed with RIC. An agreement is also in place with ARTC regarding capacity south of Werris Creek
- ▶ Further track upgrade opportunities have been identified to increase rail capacity to ~18 Mtpa, however capacity beyond this is likely to require additional investment for a new alignment either across or through (i.e. tunnel) the Liverpool Range
- ▶ Such development capex will be significant and will be shared with other prospective producers in the area e.g. Caroon (BHP), Watermark (Shenhua), Maules Creek (Aston)
- ▶ Interested Gunnedah Basin coal producers have formed a project group, led by ARTC, to define and cost the Liverpool Range upgrade, with the objective of being ready for construction to meet future demand
- ▶ Whitehaven has also taken action to secure train capacity by purchasing a new 5,400 tonne coal train, now being delivered, and entering in to a long term haulage agreement with PN which includes the provision of further new trains as required by Whitehaven

New Whitehaven coal train now being delivered



Train being assembled at Narrabri loop



Port infrastructure to meet Whitehaven growth

▶ Newcastle Coal Infrastructure Group (“NCIG”)

- ▶ Whitehaven owns 11% of NCIG....Stage 1 is now being commissioned
- ▶ Stage 1 capacity of 30 Mtpa will be available to NCIG members pro-rata to shareholding
- ▶ Stage 2 capacity of a further 36 Mtpa expected to become available in mid-2012, of which 12 Mtpa to be made available to non-NCIG shippers

▶ Existing PWCS Terminal

- ▶ Whitehaven has secured 3.6 Mtpa of existing PWCS capacity

▶ Producer Agreement for port access

- ▶ Implementation Memorandum between Newcastle Ports Corporation (NPC), PWCS and NCIG agreed and approved by the ACCC
- ▶ This provides Whitehaven with 3.6 Mtpa from PWCS, 3.3 Mtpa from NCIG Stage 1 and 2.6 Mtpa from NCIG Stage 2.....a total of 9.5 Mtpa
- ▶ Whitehaven will have access to additional port capacity from PWCS/T4, following commitment by NCIG to Stage 2, however this is unlikely to be available for at least four years

NCIG now operational & completing commissioning



NCIG despatched its first ship in March



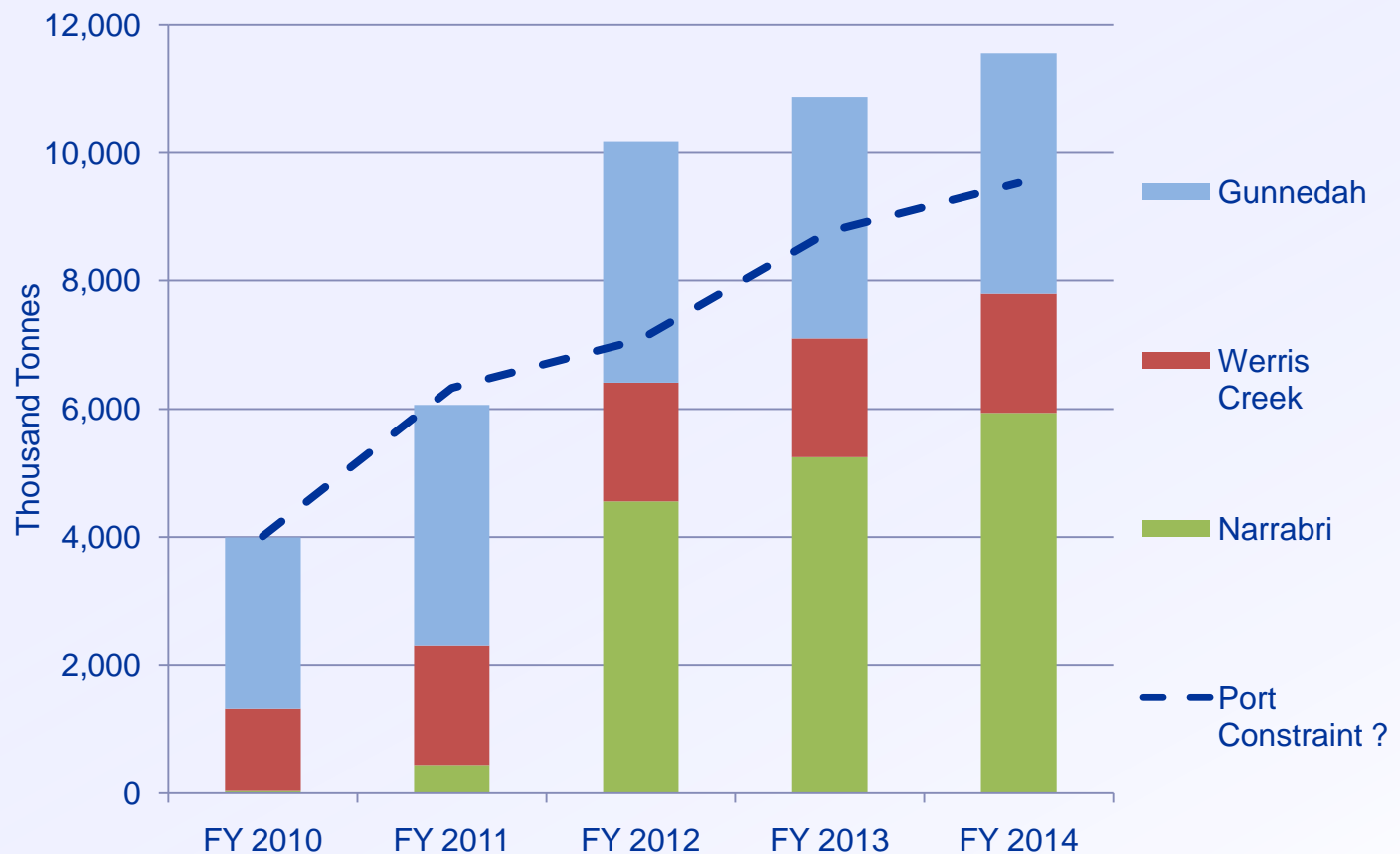
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In summary - low-risk open cut production base with substantial growth from Narrabri

- ▶ Four existing open-cut mines can produce up to ~5.5 Mtpa. More open-cut capacity in future from existing resources + Bluevale
- ▶ Total saleable production capacity for Whitehaven expected to be ~11.5 Mtpa by FY2013 (~5.5 Mtpa from existing mines and ~6 Mtpa from Narrabri)
- ▶ Growth may be constrained in the medium term by port capacity, but it is likely that there will be opportunities to access additional capacity over the next few years on a short term basis
- ▶ 11% ownership of NCIG is an important asset
- ▶ WHC has invested in rail track and train capacity upgrades to support growth plans

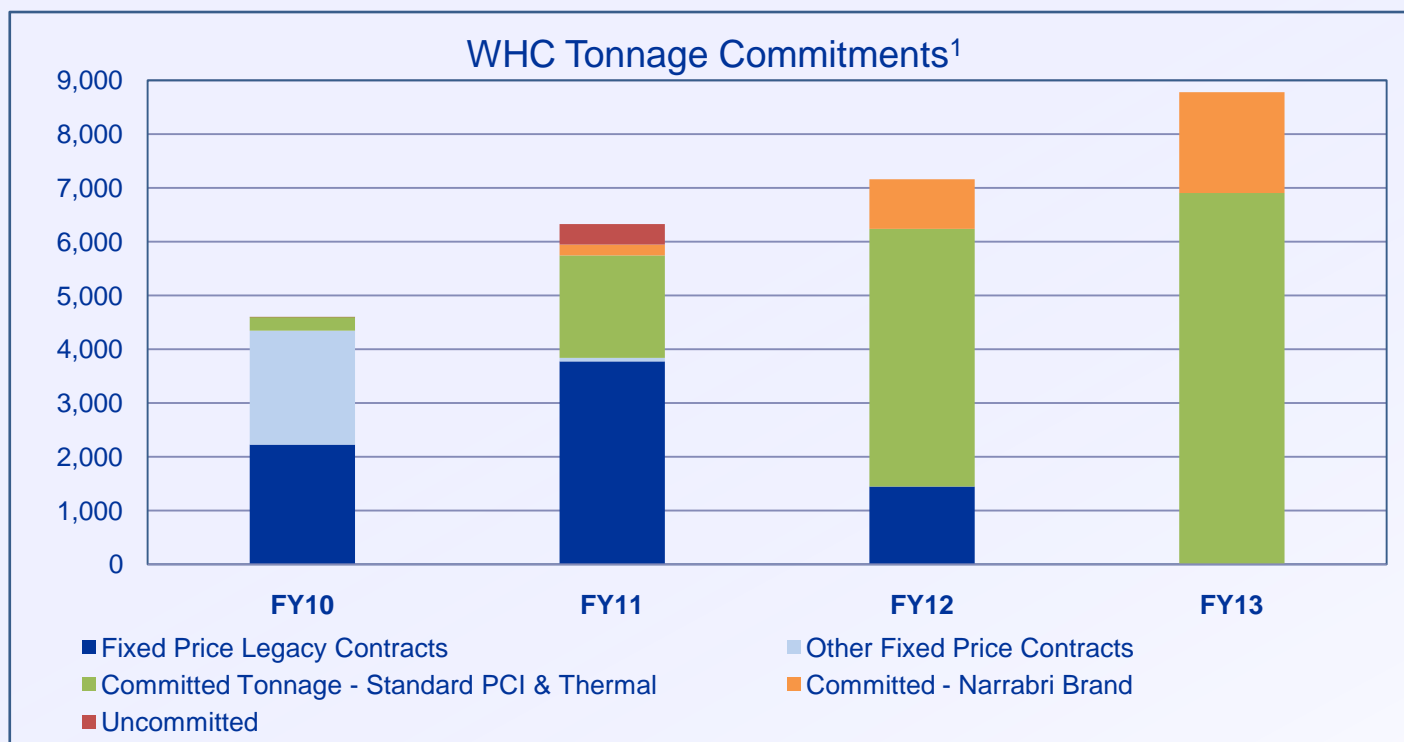
WHC - SALEABLE PRODUCTION CAPACITY VS PORT CAPACITY



1. 100% basis. These estimates relate to planned future events and expectations and as such involve known and unknown risks and uncertainties. Please refer to Disclaimer

Managing sales and production growth

- ▶ Advantages of high quality coal & flexibility in production from existing open-cut mines
- ▶ Our forward coal sales contracts support WHC's growth profile
- ▶ Our matrix of coal sales contracts & commitments minimises production and infrastructure risks
- ▶ A\$ forward currency contracts support fixed US\$ revenue



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Fixed price coal contracts and fixed FX status

- ▶ “Legacy” thermal coal contracts of 5.2 Mt will remain over the FY 2011 and FY 2012 years with an average fixed price of US\$69.14/t
- ▶ Whitehaven currently has a total FX fixed position of US\$408.7m at an average exchange rate of 0.7784 US\$:A\$
- ▶ 100% of expected second-half FY 2010 US\$ sales revenue is covered by FX contracts with an average exchange rate of 0.7611
- ▶ ~90% of FY 2011 and FY 2012 fixed price coal contracts are now also covered by FX contracts at an average exchange rate of 0.7863

	FY 2011		FY 2012		TOTAL	
	000 t	US\$/t	000 t	US\$/t	000 t	US\$/t
Legacy contracts	3,776	67.50	1,446	73.43	5,222	69.14
Other fixed price contracts	64	73.10	-	-	64	73.10
Total fixed price Contracts	3,840	67.59	1,454	73.42	5,286	69.30

Coal market outlook

- ▶ Coal demand growth remains strong
- ▶ Supply still constrained by infrastructure and ever-increasing “red tape” & “green tape”
- ▶ Contract coal prices in 2009 – US\$ FOB
 - ▶ Hard coking coal ~\$128/t
 - ▶ Newcastle semi-soft/PCI ~\$80/t
 - ▶ Newcastle thermal ~\$70/t
- ▶ Contract coal prices for the April to June quarter – US\$ FOB
 - ▶ Hard coking coal ~\$200/t
 - ▶ Newcastle semi-soft/PCI ~\$167/t
 - ▶ Newcastle thermal ~\$98/t
- ▶ Spot coking and thermal coal prices remain higher than the first quarter prices

Growth plans are well funded

Capacity for funding new opportunities

- ▶ Major capital needs are more than covered by cash on hand and proceeds from the sale of Narrabri JV interests
- ▶ In addition, net cash flow from operations is available to service dividends
- ▶ The Whitehaven balance sheet also has substantial capacity for debt, should attractive investment opportunities arise

Major Cash Needs

A\$ million

Narrabri Stage 1	20
Narrabri Stage 2	210
Open-cut expansion	50
Coal train	20
Other	50
	350

Major Cash Sources

Cash on hand	232
Narrabri JV sale proceeds	225
Equipment leasing	38
	495

Looking further ahead

- ▶ **Strong fundamental growth in demand for coal remains (both metallurgical and thermal)**
- ▶ **Whitehaven is well positioned**
 - ▶ Large resources and reserves of high quality coal
 - ▶ Efficient, flexible open-cut mines, competitive costs
 - ▶ Narrabri to provide substantial growth
 - ▶ Increased rail and port capacity with 11% share of NCIG
 - ▶ Solid portfolio of long term coal sales contracts to support growth profile
 - ▶ Strong financial position

“Henry tax” - a blow to investor confidence

- ▶ **The new Resources Rent Tax raises significant and very real concern in relation to Australia's sovereign risk and the future of our mining industry**
- ▶ **Regardless of the detail, the Federal Government has sent a signal to the global investment community that it is prepared to change the ground rules without any meaningful consultation**
- ▶ **While there is no immediate impact on any of Whitehaven's existing operations or projects, we will need to review the detail and factor it into our longer term planning**
- ▶ **This is a very high-risk policy which seems to ignore the significant investment the mining industry makes in regional areas and the well documented flow-on impact of that investment**