



**Whitehaven Coal Limited**

**The Gunnedah Basin**

**Hunter Business Chamber Lunch**

Newcastle, Australia  
15 November 2013



**WHITEHAVEN COAL**

# Disclaimer



Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Whitehaven Coal Limited, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

# Agenda



---

**Overview of Whitehaven**

---

**Narrabri Project Update**

---

**Maules Creek Project Update**

---

**Outlook**

---

# History of Whitehaven Coal



1999	Whitehaven was established to develop the Canyon Mine (formerly Whitehaven Open Cut Mine)
2005	Werris Creek commenced construction
2006	Tarrawonga commenced production
2007	Remaining 60% of Werris Creek acquired
2007	ASX Listing of Whitehaven Coal
2008	Sunnyside commenced production
2008	Narrabri Mining lease granted
2008	Mining commenced at Rocglen
2009	Vickery Project acquired
2011	Merger with Aston Resources
2012	Longwall operations of Narrabri commences
2012	Acquisition of Coalworks (Vickery South, Ferndale etc.)
2013	Acquisition of Itochu's interest in Vickery South

## **“Creating the Premier ASX Listed Independent Coal Company”**

# Founded on the Gunnedah Basin



Strong history of mining in the region

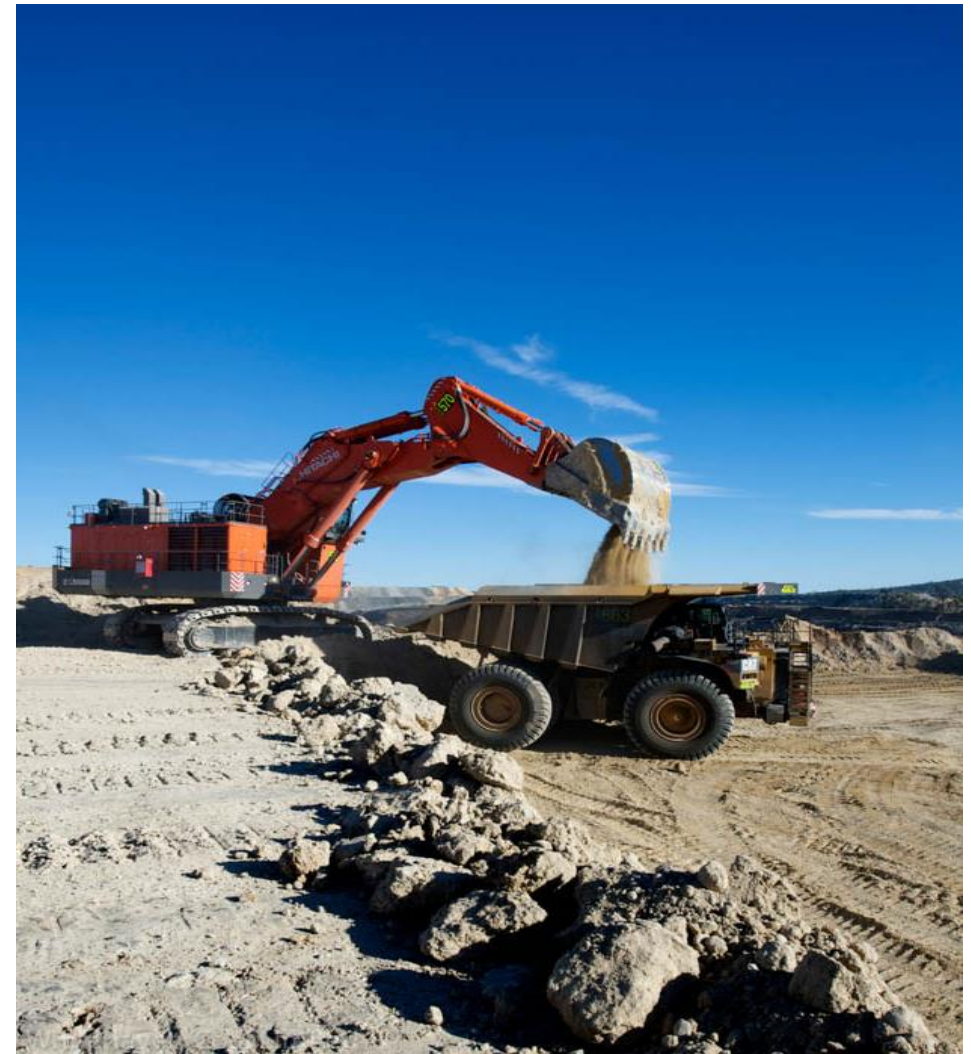
Existing infrastructure – rail connection to the largest coal export port in the world.

Existing workforce

High quality coals compared to other emerging coal basins

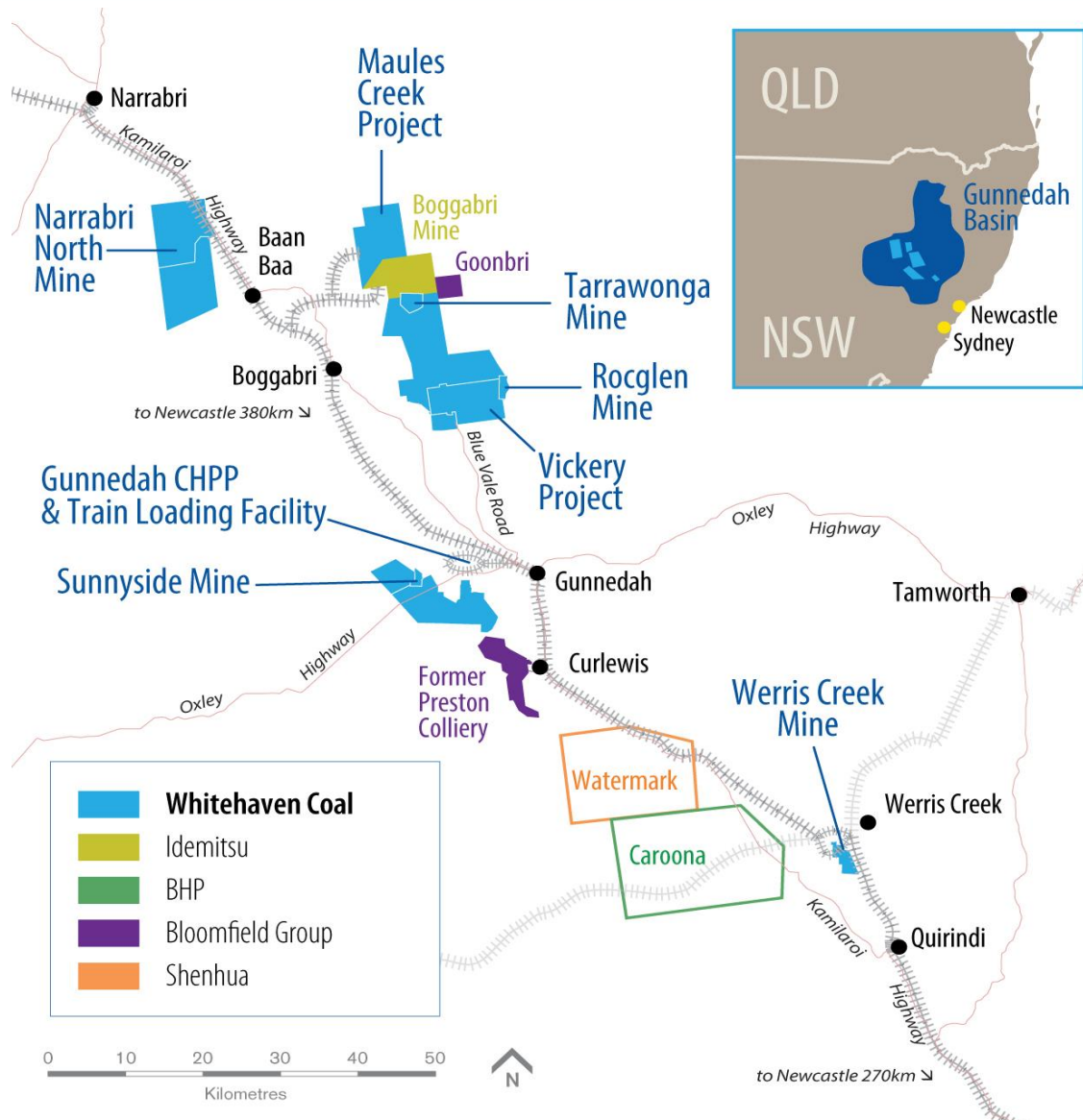
- High CV
- Low ash
- Low phosphorus
- Low sulphur
- Low washing losses

Whitehaven has consolidated the dominant position in the Basin





# Gunnedah Basin Assets



## Maules Creek (75%)

- Reserves to support ~ 30 years
- Permitted & Planned : 13 Mtpa ROM
- SSCC and high energy thermal

## Narrabri North (70%)

- Reserves to support ~ 25 years
- Permitted : 8 Mtpa ROM
- Planned : 6 Mtpa ROM
- PCI & low ash thermal coals

## Tarrawonga (70%)

- Reserves to support > 20 years
- Permitted : 3 Mtpa ROM
- Planned : 2 Mtpa ROM
- SSCC and high energy thermal

## Rocglen (100%)

- Reserves to support ~ 4 years
- Permitted & Planned to 1.5 Mtpa ROM
- Mainly thermal coals

## Vickery (100%)

- Reserves to support ~ 30 years
- SSCC and high energy thermal
- Approval process commenced for 4.5 Mtpa ROM

## Gunnedah CHPP (100%)

- Permitted to 4 Mtpa

## Werris Creek Mine (100%)

- Reserves to support ~ 8 years
- Permitted & Planned to 2.5 Mtpa
- PCI and thermal coals

**Largest coal producer in the Gunnedah Basin**

# Whitehaven Leadership



**Paul Flynn**  
(Managing Director)

Previously CEO & MD of the Tinkler Group and prior to that was managing partner in the Sydney office for Ernst & Young and a member of its Oceania executive team and had been an advisor to the Mining Industry for over 20 years.

**Jamie Frankcombe**  
(Executive General Mgr Operations)

More than 33 years' experience in open-cut and underground coal mining including executive level roles within Australian, Americas and Indonesian coal operations. Most recently Jamie served as the Director of Operations for Fortescue Metals Group.

**Tim Burt**  
(General Counsel & Company Sec)

Joined Whitehaven as General Counsel and Company Secretary in July 2009. Prior to that, Timothy held senior legal roles at a number of listed Australian companies including Boral Ltd, United Group Ltd and Australian National Industries Limited.

**Brian Cole**  
(Executive General Mgr Projects)

More than 35 years' experience in heavy engineering projects and operations at an executive level in the energy related sector. Recently managed construction of the 3 stages of NCIG coal terminal development with a total capital cost of \$2.8bn.

**Pat Markey**  
(Executive General Mgr Marketing)

Previously worked as Chief Operating Officer and as Director of Marketing for Globalcoal Singapore. Before this, Pat worked in marketing, development and strategic business planning roles in the oil and related industries over fifteen years.

**Austen Perrin / Kevin Ball**  
(Chief Financial Officer)

Appointed the Whitehaven Chief Financial Officer and Company Secretary in October 2008. Previously CFO for Asciano Limited. Kevin Ball recently appointed CFO to commence work in mid December 2013 and was formerly the EGM Finance of Chandler Macleod, CFO of Delhi Petroleum, Commercial Manager of Springvale Coal.

**Jonathan Vandervoort**  
(Executive General Mgr Infrastructure)

Jonathan's experience includes twenty years in coal industry management roles in New South Wales and Queensland, five years at PWCS and most recently the establishment and management of the Hunter Valley Coal Chain Coordinator as its CEO.



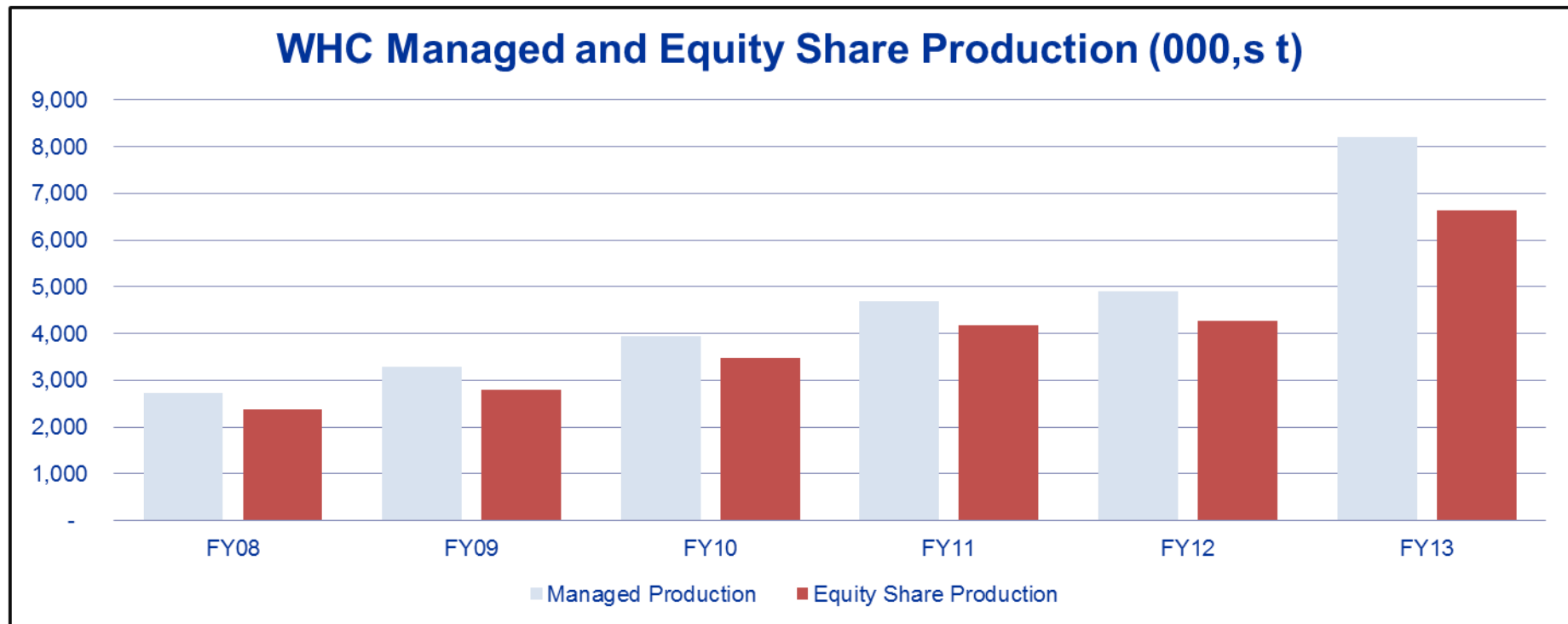
# Historical Production Growth



Whitehaven has been growing its production for a number of years and expects further growth this year (FY2014) with managed saleable coal production expected to be about 10.7Mt (8.4Mt equity share)

The step up in FY2013 was due to the start of commercial production from the longwall at the Narrabri Mine

The loss of production from Sunnyside open cut mine (placed into care and maintenance) has been made up at other mines



**Production growth continues**

# Sustainability - Economic Benefits



## WHITEHAVEN WORKFORCE STATISTICS - June 2013

	Number	%
Gunnedah Shire	252	41%
Narrabri Shire	105	17%
Tamworth Shire	91	15%
Liverpool Plains Shire	65	11%
Newcastle/Hunter Region	43	7%
Sydney	23	4%
Queensland	3	0%
NSW Other	35	6%
<b>TOTAL</b>	<b>617</b>	



© Whitehaven Coal Limited

As the **largest single employer in the region**, Whitehaven's policy is to employ people who live close to the company's mines. A total of **83% of employees live locally**

The company paid a total of \$86 million in wages and salaries during FY2013 with the majority of the total paid to employees living in the towns close to the mines

A significant portion of these wages and salaries would be circulated to business in the regional towns around the mines

Whitehaven also paid out \$40.9 million in royalties to the NSW State Government and more than \$100,000 in donations. The company has also committed \$18 million to Voluntary Planning Agreements with local councils

## Huge contribution to local communities

# Sustainability - Environmental Performance



---

Whitehaven's environmental performance has been good year on year and is fundamental to our social licence to operate. (full details on page 38 & 39 of Annual Report).

The continuing rehabilitation programme added a further 86.5 hectares of land during FY2013 taking the total to 470.7 hectares across the mine sites.

Air quality is monitored from a number of sites close to each of the mines and operations with the results posted onto the company's website daily.

---

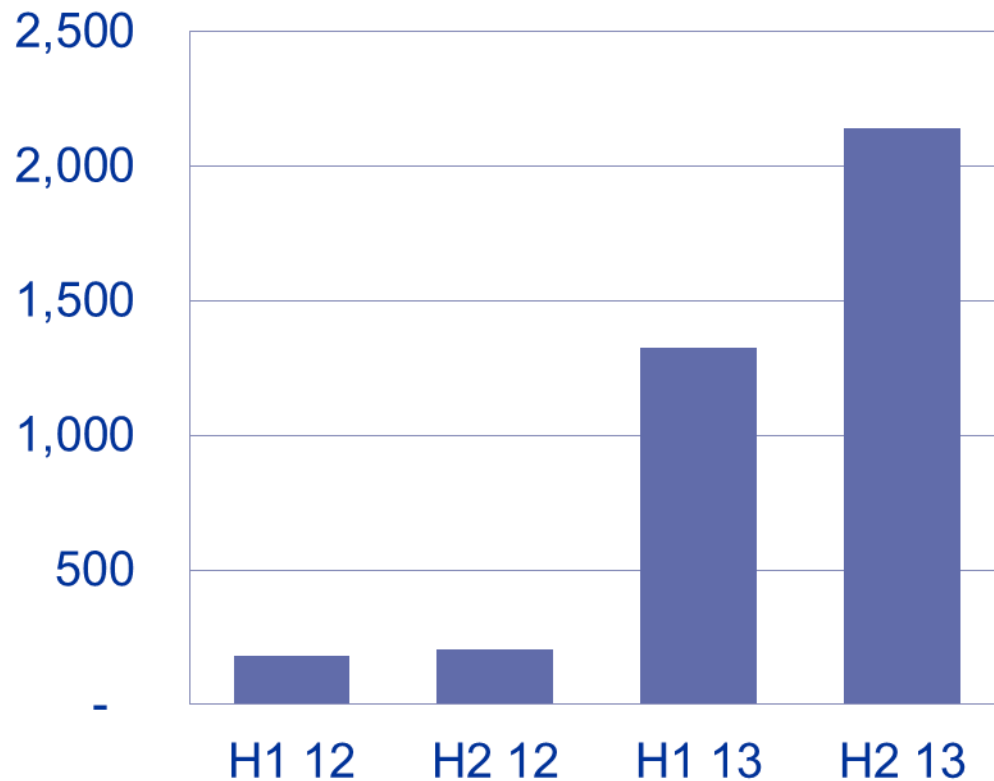
**Full details are available in the Sustainability Review section of the Annual Report**



# Narrabri Achievements



## Narrabri Half Year Production (000's t)



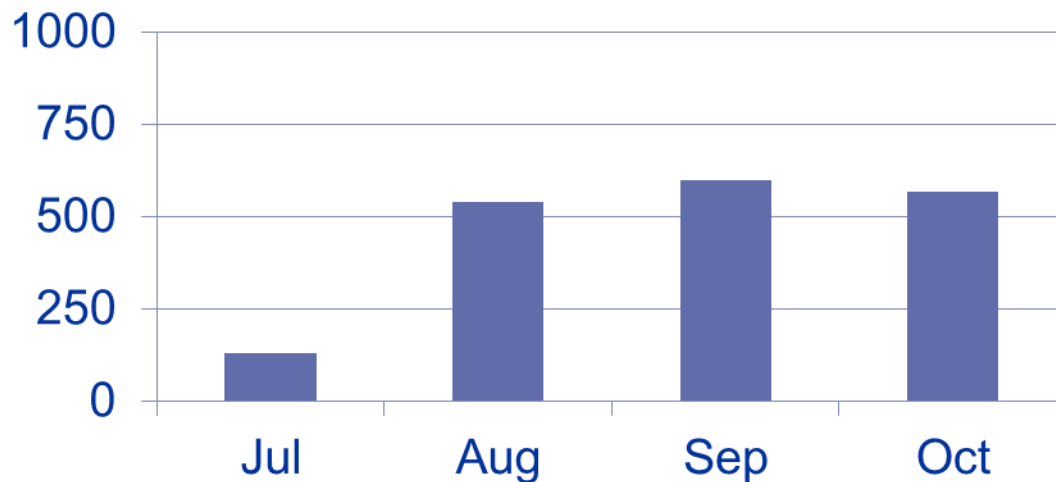
Oct 12	Longwall commissioned
Oct 12	CHPP mechanical completion and commenced trials of PCI into COREX markets
Feb 13	Sufficient mine development in advance facilitates the reduction in development units from 4 to 3
Apr 13	PCI coals successfully trial into COREX markets with term arrangements for ~ 1Mtpa
Apr 13	Achieved CHPP nameplate throughput of 1000tph
May 13	Achieved record weekly longwall production of ~ 160kt (annualised ~7.4Mt)
May 13	Achieved record mine development rates of 1400m in the month
Jun 13	Re-commissioning of the bypass circuit for thermal blending capability, doubling product handling throughput
Jun 13	First year of contract Joint Venture off-take agreements were fully delivered into
Jul 13	First longwall bypass coal sold
Jul 13	Following the completion of mining the 1 <sup>st</sup> longwall panel, the scheduled change-out into the 2 <sup>nd</sup> longwall panel was completed safely and on time and budget
Aug 13	<b>Confirmation of achieving Newcastle benchmark thermal coal specifications</b>

**Strong performance from Narrabri**

# Narrabri Performing Strongly



## Narrabri Monthly Production (000's t)



Production in longwall panel 102 commenced 20 July 2013 following six week installation schedule from panel 101

Monthly production during the three months from July has averaged 570kt with one week achieving 190kt

Annualised production for the period – August to October was 6.8 Mt, significantly above the original design

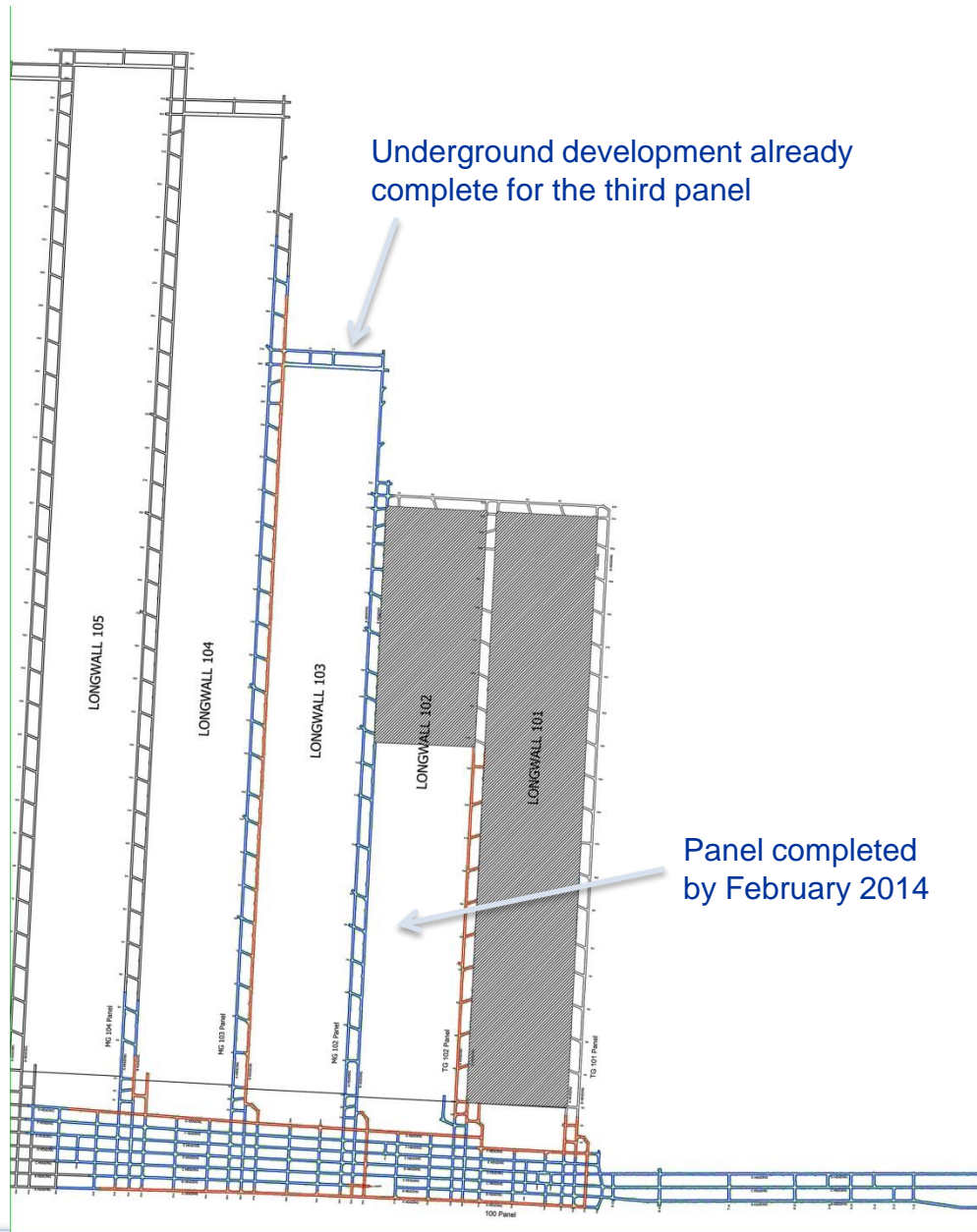
Costs continue to decline with first half FOB costs are expected to be below \$67/t

ROM Production for FY 2014 is expected to be 5.5 Mt and will increase to 6.5 Mt in FY2015

**Surpassing design capacity**



# Narrabri – Industry Leading Development



First longwall panel completed in June 2013

Mains and gate road development already completed for the third panel (4 months positive float)

Mining in longwall panel 102 due to be finished in February 2014 with a 6 week changeout

Development for longwall panel 104 already underway and to maintain our very positive float position

As the panel length increases future longwall changes will be limited to one per year and increased production from the mine

**LW panel 3 fully developed**



# Narrabri set up of panel 2





# By-pass circuit at Narrabri



# Maules Creek is a Tier 1 Asset



Formal approval received in July 2013.

High quality resource which can be mined at relatively low cost.

Situated 17km from the main railway line

380km from the Newcastle port

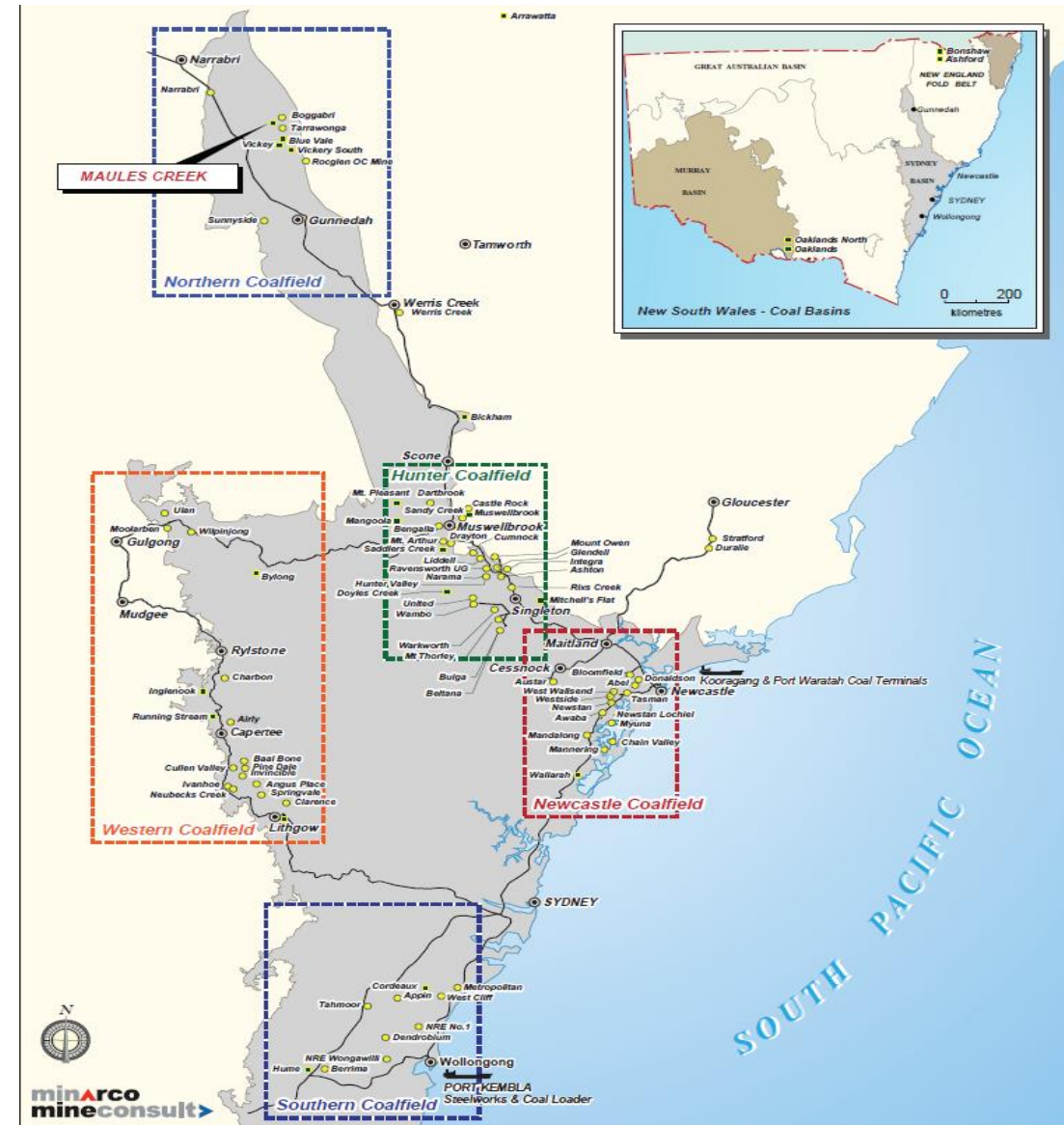
Well understood and attractive geological setting

Multiple shallow coal seams with no significant faulting identified

Shallow-dipping deposit (from west to east) with consistent coal quality across the largely uniform coal seams

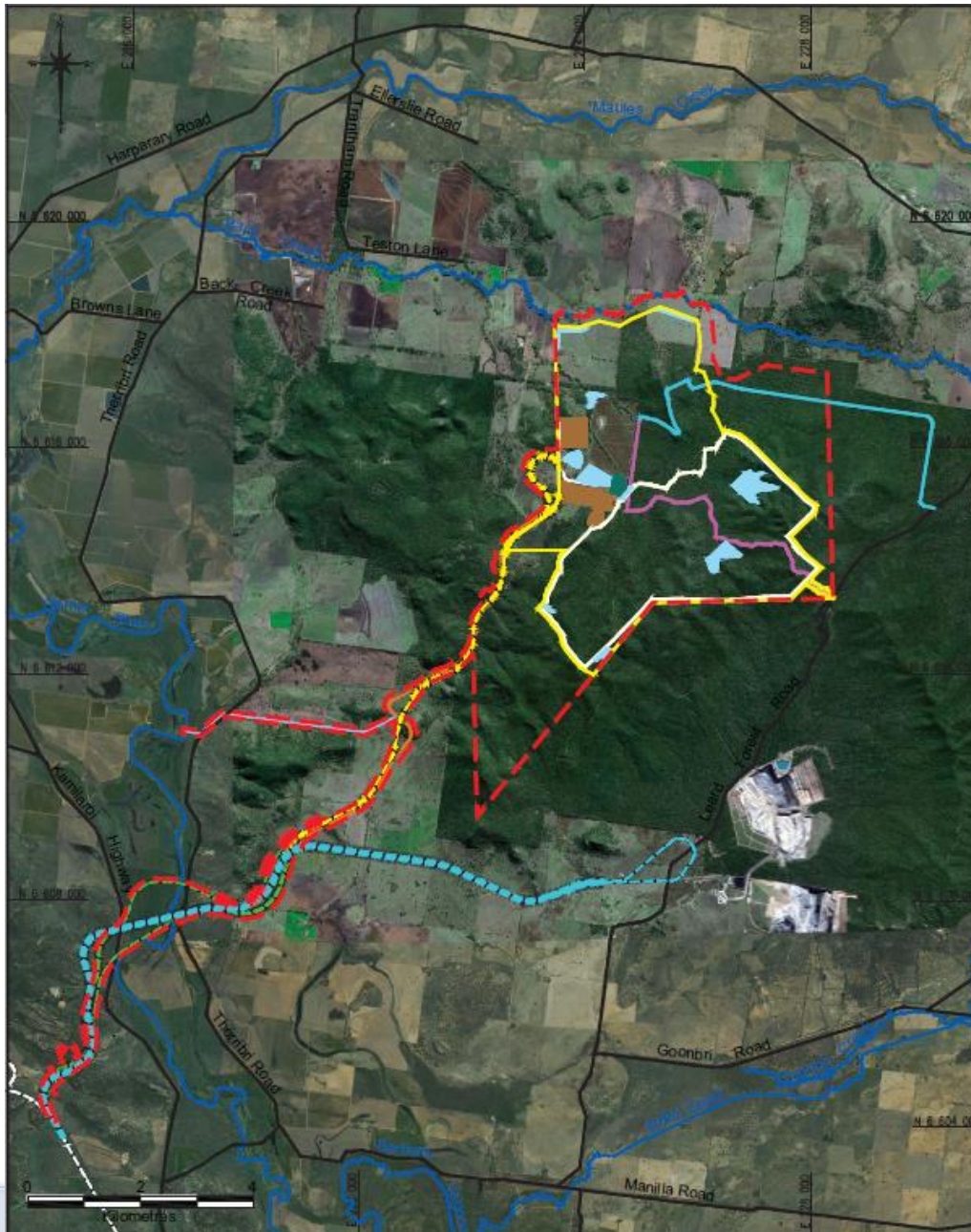
Low strip ratio of around 6.4 consistent over first 20 years of production

First coal sales is expected to commence in 1st quarter CY 2015.





# Maules Creek – mine location



The Maules Creek project is located about 17 kilometres off the main rail line near the small town of Boggabri

A new rail line will be constructed by Leighton Contractors linking both the Boggabri Mine and Maules Creek Mine to the main line

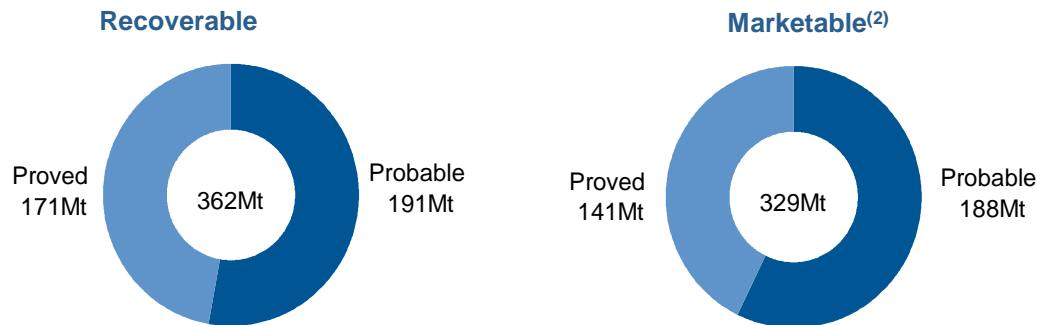
The Boggabri Mine owned by Idemitsu will share the first section of the rail line

**Low risk construction project**

# Maules Creek mine is a Tier 1 Asset



## Maules Creek JORC Reserves



One of the last major undeveloped coal deposits in NSW, and one of Australia's largest coal deposits.

Recoverable reserves at 362 Mt and resources of 679 Mt

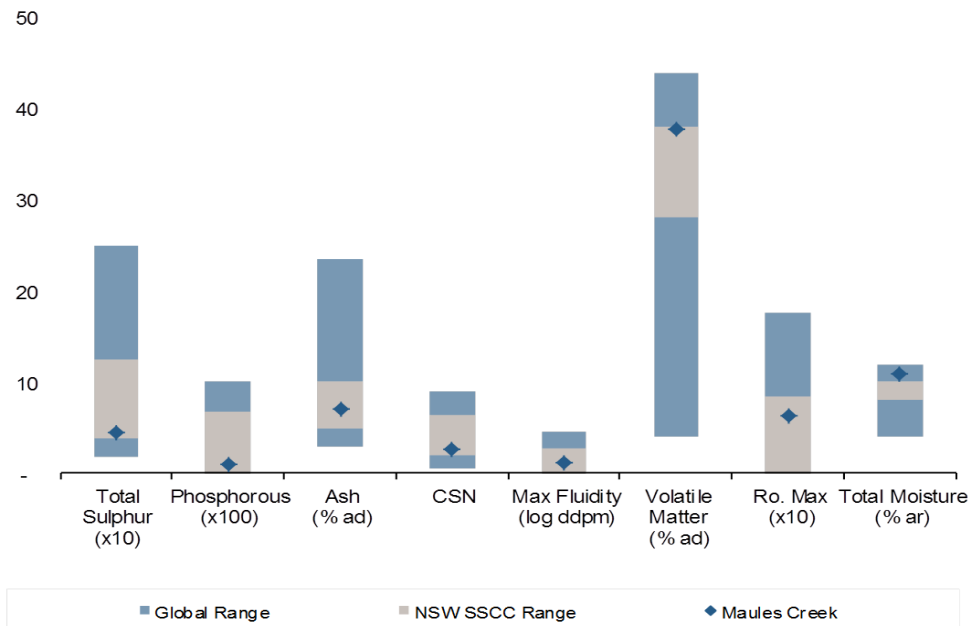
Provides for an expected mine life in excess of 30 years

Potential to produce both metallurgical and thermal coal

DFS confirmed potential production profile up to 84% metallurgical coal

Coal quality and CHPP plant design provides significant flexibility to target the production mix to suit market conditions

## Quality parameters



**High quality products**

# Maules Creek Economic and Social Benefits



Current reserves of 362Mt with approved ROM production of 13Mtpa

High product yield of > 90% expected based on producing 48% SSCC product split.  
Remaining will be premium thermal coal

Total project planned construction capital is \$767M (100% basis) at the end of June this year. The project remains on budget with ~\$160M already spent. The remaining \$607M will be incurred over the next 1-2 years.

FOB cash costs is expected to be ~ \$67/t, reflecting low ratio over the mine life

Project will directly employ more than 380 employees during construction and 470 during on-going operations.

Under the Voluntary Planning Agreement (VPA), more that \$13m of funding has been committed by the project towards Narrabri shire infrastructure projects

The estimated royalty and corporate tax is expected to be > than A\$6.5 B over the first 21 years of the project based on current rates

There are also substantial indirect value added benefits to the region and state brought on by developing Maules Creek

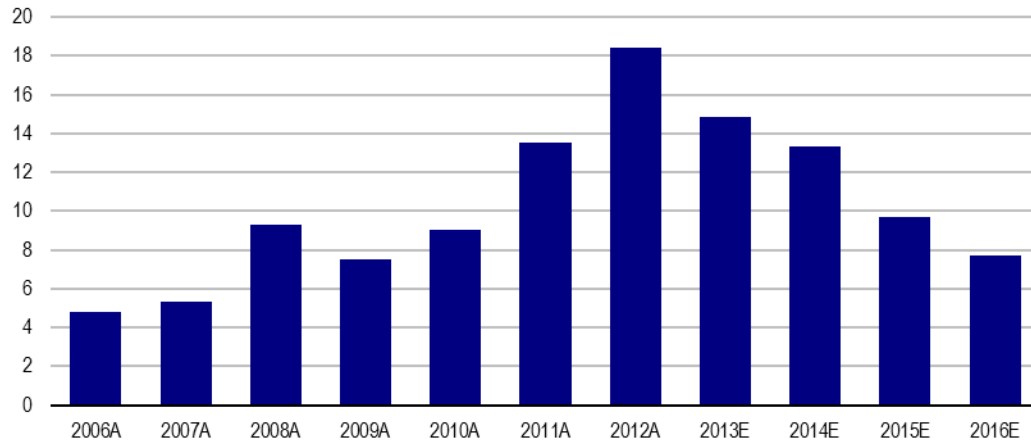
**Significant regional economic benefits**



# Maules Creek – low capital cost

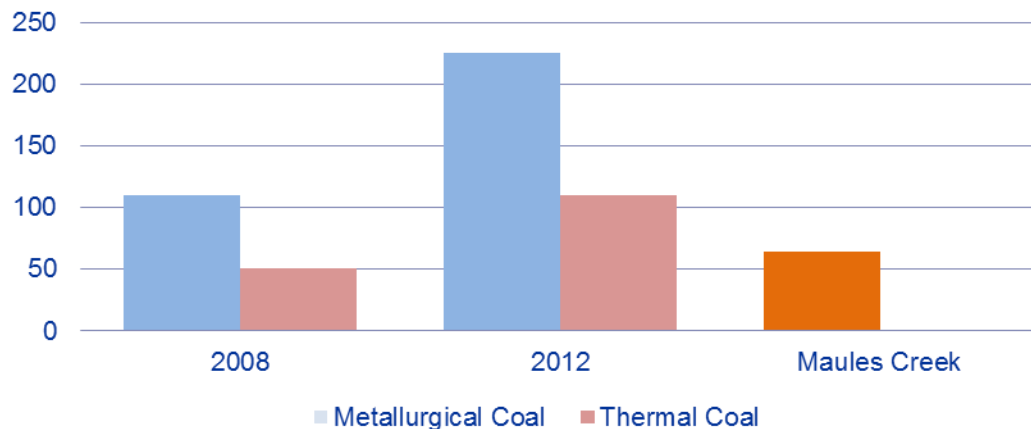


Total Coal Industry Capex (US\$B's)



Capital spending for both metallurgical and thermal coal expansions is falling from the peak in 2012 indicating that **coal markets moving closer to balance**

Capex \$US/t Annualised Capacity



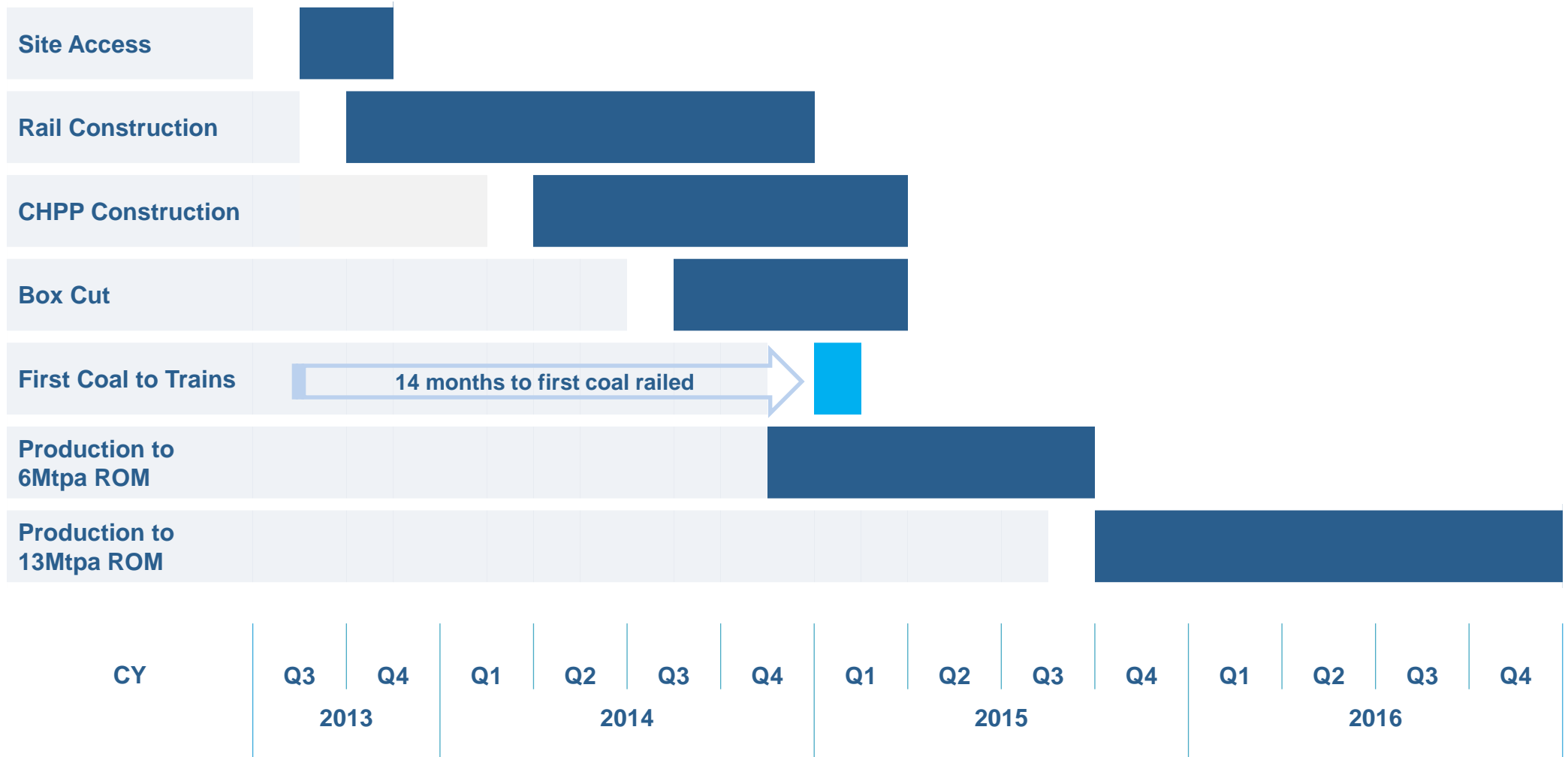
The cost of adding new coal production increased significantly from 2008 to 2012

The **capital cost of Maules Creek is about A\$64/t** making it one of the lowest cost new mines

**Low cost new capacity**

Source: UBS Investment Research

# Maules Creek - project schedule



**Unchanged schedule**

# Implied Valuation – Maules Creek



		Clermont	Maules Creek
Marketable Reserves	Mt	170	329
Coal Quality		Thermal	Thermal SSCC
Annual Production	Mt	12.2	12.0
Strip Ratio	Bcm/t	3.2	6.4
Project Capex (inc equipment)	A\$m's	1207	767
Capital Intensity	A\$/t	98	64
FOB Cash Costs	A\$/t	60*	67
Employees		380	450
Productivity	t/m/y	32,105	26,667
<b>Clermont Asset Value (RIO transaction, 100% basis)</b>	<b>A\$m's</b>	<b>2,133</b>	
Valuation of Reserves	A\$/t	12.54	
<b>Implied Value of Maules Creek 100%</b>	<b>A\$m's</b>		<b>4,126</b>

\* Broker consensus

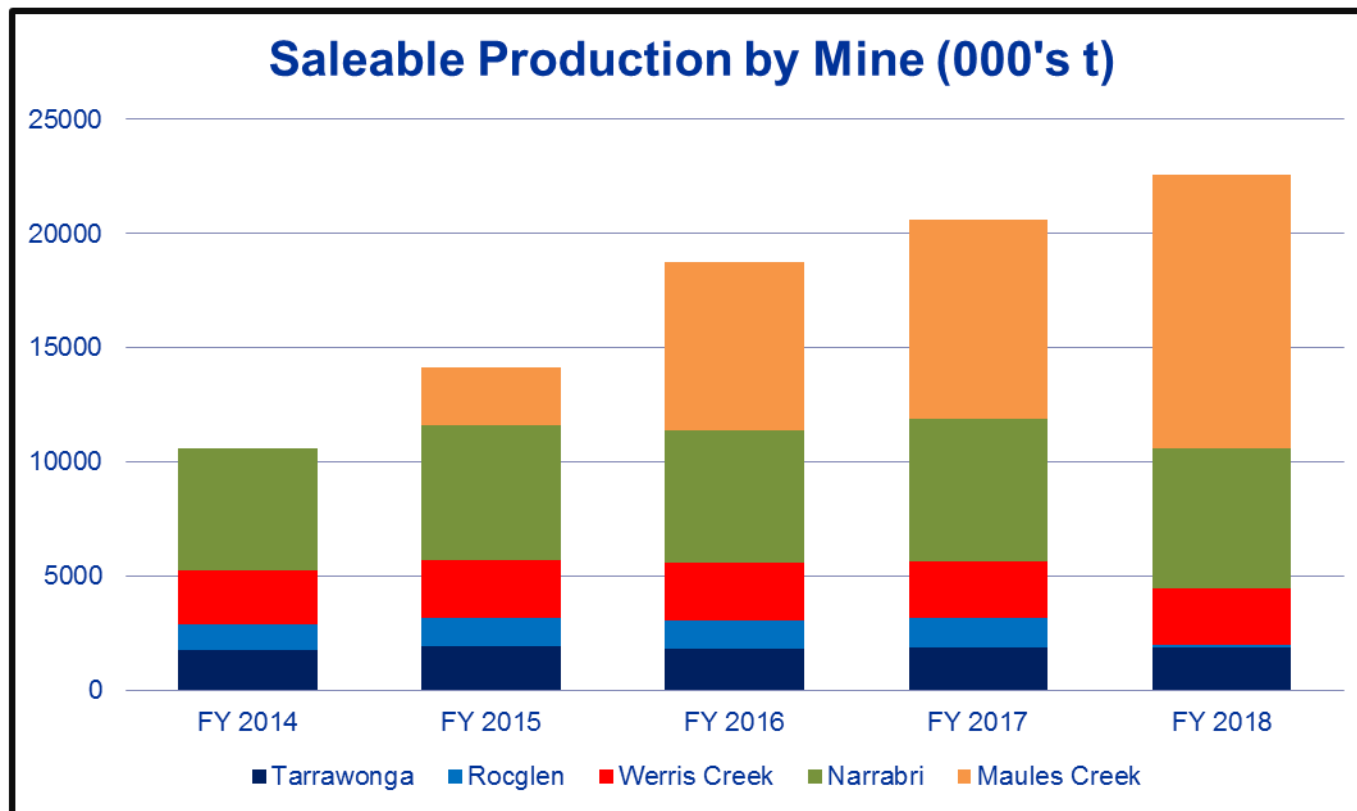
RIO TINTO recently sold its 50.1% interest in the Clermont Mine to GlencoreXstrata

Clermont and Maules Creek are similar in size in terms of production capacity

Maules Creek produces both semi soft and low ash high CV Thermal

**Potential for significant valuation uplift**

# Outlook - production growth



Note: Graph depicts saleable coal on a 100% basis and excludes coal purchases  
Data shown for the year ending 30 June. These estimates relate to planned future events and expectations and as such, involve known and unknown risks and uncertainties. The actual production is likely to vary on an annual basis as a function of supply, demand and other market conditions.

Following the development of the Maules Creek open cut mine **production will double** from the FY2014 level by FY2017

Additional port will be required in FY17 and beyond for Whitehaven to achieve its production targets

Rocglen will close in FY2018 following Reserve depletion however, the **Vickery project offers another growth opportunity of 8-9 Mtpa post FY 2018**

**Strong and achievable production growth**

# Focus for FY 2014 and Beyond



## *Creating the premier ASX listed independent coal company*

---

Focussed on improving safety and environmental performance across all of the operations

Narrabri to produce 850kt of PCI coal and Newcastle benchmark thermal coal in FY2014 and increase production to 6 Mtpa ROM from FY2015 and targeting 7 Mtpa for FY2017.

Commence construction at Maules Creek after mobilisation in December

Operating and port costs will fall further in FY2014

Find markets for Maules Creek coals when production commences

---

**Becoming a low cost and high growth coal miner**

# Market / Political / Social Context



Coal prices have been soft although now recovering and the coal industry is struggling to adjust supply accordingly (ToP)

Until recently \$A exchange rates has been above par for over 12 months

Government “green tape” has overtaken “red tape” as evidenced by the Maules Creek project approvals

Globally funded and manipulated green activism continues at fever pitch targeting the coal industry through direct action and use of social media

Confidence in governmental approval processes at state and federal levels being undermined

All levels of government have been reluctant to visibly support the coal industry even though it is a cornerstone of our state and federal economies

Coal companies and industry representation have been struggled to get cut through with key messages

**Greater difficulty in obtaining approvals for new mines**



# Creating the Premier ASX Listed Independent Coal Company



## *A low-cost and high quality coal producer*

The fundamentals of coal as a long-term primary energy source are robust, driven by global population growth and increasing demand for steel and reliable low-cost energy in emerging economies

Future energy policies are shifting towards more efficient energy generation driven by environmental concerns. This will lead to a convergence of demand towards high quality thermal coal (i.e. low ash & low sulphur coals)

WHC's growth assets i.e. Narrabri, Maules Creek and Vickery, are high quality assets which are in position to meet the shift in energy policies

Investment in developing Tier 1 assets along with WHC's cost control is bringing significant reduction in the average FOB cash cost across WHC's portfolio of assets

Insulate WHC's shareholders from market turbulence due to coal prices and foreign exchange volatility by lowering the cost base across the portfolio of assets

**By FY2017 85% of production from Whitehaven's mines is expected to be ~ A\$65/t FOB**

# Thank you

[www.whitehavencoal.com.au](http://www.whitehavencoal.com.au)

