**Appendix 4D**

1. This statement presents results for Whitehaven Coal Limited for the half year ended 31 December 2019 and, where applicable, comparative results for the previous year.

2. **Results for announcement to the market:**

| | **Half Year 31 Dec 2019 $'000** | **Half Year 31 Dec 2018 $'000** | **Change** |
|---|---|---|---|
| Revenue from ordinary activities | 885,080 | 1,270,088 | (30%) |
| Net profit after tax from ordinary activities | 27,397 | 305,834 | (91%) |
| Net profit after tax attributable to members | 27,397 | 305,834 | (91%) |

3. Dividends

| | Amount per security | Franked amount per security |
|---|---|---|
| Current reporting period:<br>- Interim dividend FY2020 (payable March 2020) | 1.5 cents | Nil |
| Previous corresponding reporting period:<br>- Interim dividend FY2019 (paid March 2019)<br>- Special dividend FY2019 (paid March 2019) | 15.0 cents<br>5.0 cents | Nil<br>Nil |
| Record date for determining entitlement to Interim dividend | | 28 February 2020 |
| Date of payment of Interim dividend | | 6 March 2020 |

Dividends of $297,346,000 ($0.30 per share) were paid to shareholders during the six months ended 31 December 2019.

4. Net Tangible Assets (NTA) per security:

| | **Half Year 31 Dec 2019** | **Half Year 31 Dec 2018** |
|---|---|---|
| NTA per security | 315.13c/share | 339.38c/share |

5. All other information can be obtained from the attached financial statements, accompanying notes and Directors' report.

Whitehaven Coal Limited and its controlled entities
ABN 68 124 425 396

# HALF-YEAR FINANCIAL REPORT

For the six months ended 31 December 2019

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The Directors present their report together with the consolidated financial report of Whitehaven Coal Limited ('the Company'), being the Company, its subsidiaries, and the Group's interest in joint operations for the half year ended 31 December 2019 and the auditor's review report thereon.

## DIRECTORS

The Directors of the Company at any time during or since the end of the half year period are:

| Name | Position | Date of appointment |
|---|---|---|
| The Hon. Mark Vaile | Chairman | 3 May 2012 |
| John Conde | Deputy Chairman | 3 May 2007 |
| Dr Julie Beeby | Director | 17 July 2015 |
| Paul Flynn | Managing Director | 3 May 2012 (appointed Managing Director 25 March 2013) |
| Fiona Robertson | Director | 16 February 2018 |
| Lindsay Ward | Director | 15 February 2019 |
| Raymond Zage | Director | 27 August 2013 |

## PRINCIPAL ACTIVITIES

The principal activity of Whitehaven Coal Limited and its controlled entities (the 'Group') during the period was the development and operation of coal mines in New South Wales and Queensland. There were no significant changes in the nature of the activities of the Group during the period.

## DIVIDENDS

*Paid during the period*

Dividends of $297,346,000 were paid to shareholders during the six months ended 31 December 2019 (2018: $267,516,000).

*Declared after the period*

The Directors have declared an unfranked dividend of 1.5 cents per share totalling $14.9 million to be paid on 6 March 2020.

## EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than the following:

On 19 February, Whitehaven refinanced its senior bank debt facility with a syndicate of Australian and international banks.

The new facility is a senior secured syndicated revolving corporate debt facility with an aggregate limit of A$1.0bn and able to be utilised for general corporate purposes with bilateral bank guarantee capacity. The term has been extended to now mature in July 2023.

The facility, which is on terms comparable with the one it replaces, was oversubscribed, demonstrating Whitehaven's enhanced credit profile and the strong and continued support shown to Whitehaven by its financiers.

## LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration is set out on page 10 and forms part of the Directors' report for the half year ended 31 December 2019.

## ROUNDING

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and dated 24 March 2016 and, in accordance with that Class order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

## OPERATING AND FINANCIAL REVIEW

### FINANCIAL HEADLINES

- Net profit after tax ("NPAT") of $27.4m, a decrease of 91%.
- EBITDA of $177.3m, a decrease of 68%.
- Cash generated from operations of $122.3m, a decrease of 74%.
- Net debt of $587.2m at 31 December 2019.
- Dividends of $297.3m were paid during the period.

The following table summarises the key reconciling items between the Group's EBITDA and its profit before tax.

| **Whitehaven Coal Limited – Consolidated** | H1 FY2020 $ million | H1 FY2019 $ million |
|---|---|---|
| Revenue | 885.1 | 1,270.1 |
| | | |
| **Net profit after tax** | **27.4** | **305.8** |
| | | |
| **EBITDA** | **177.3** | **550.8** |
| Net interest expense (refer to note 4) | (15.8) | (18.4) |
| Other financial expenses | (4.4) | (4.1) |
| Depreciation and amortisation | (116.1) | (96.2) |
| Profit before tax | 41.0 | 432.1 |

### REVIEW OF FINANCIAL PERFORMANCE

H1 FY2020 NPAT of $27.4m was 91% below H1 FY2019 NPAT of $305.8m. The key features of the H1 FY2020 NPAT result include:

- A continuing strong safety performance
- A $49/t decrease in the EBITDA margin on sales of produced coal in H1 FY2020 to $24/t from $73/t in H1 FY2019.
  - A $47/t decrease in average A$ realised prices to A$108/t in H1 FY2020 from A$155/t in H1 FY2019.
  - A decrease in H1 FY2020 sales volumes and consequent increase of $7/t in H1 FY2020 unit costs compared with H1 FY2019.
  - Equity ROM production of 6.0Mt in H1FY2020 was 30% below H1 FY2019 of 8.6Mt. The decrease in H1 FY2020 ROM production contributed to decreased sales volumes and increased unit costs. The decrease in ROM production was a result of the following factors:
    - Closure of Rocglen and Sunnyside in FY2019
    - Productivity at Maules Creek was adversely impacted by turnover in experienced operators and by dust events. The rate of turnover in experienced operators has led to a decrease in skill levels and replacement of departing operators has lagged exits. Dust events disrupted December quarter production due to production stoppages or a lowering of truck speeds in diminished visibility conditions in the interests of safety.
    - ROM production at Narrabri in the December quarter was impacted by difficult mining conditions in the final 200 metres of LW108.

**REVIEW OF FINANCIAL PERFORMANCE (CONT.)**

- Gross revenue decreased by $385.0m to $885.1m in H1 FY2020. The decrease was driven predominantly by the decrease in average net realised prices and to a lesser extent by decreased sales volumes. The key drivers of A$ realised prices during the period were:
    - The Newcastle GlobalCoal Index price averaged US$68/t for Newcastle quality thermal coal in the first half, US$43/t below the average of US$111/t in the prior corresponding period. The Group realised an average price of US$70/t for its thermal coal sales in H1 FY2020.
    - The Group realised an average price of US$94/t in the first half for its sales of metallurgical coal products, down from US$124/t in the prior corresponding period. The realised price reflects a combination of sales under quarterly benchmark linked and index based contract pricing structures.
    - The AUD:USD exchange rate decreased to 0.68 in H1 FY2020 from 0.72 in the prior corresponding period, partially offsetting the decrease in realised prices.
    - Sales of produced coal decreased to 6.8Mt from 7.4Mt in the prior corresponding period. The decline in sales volumes reflects the decreased ROM production performance partially offset by a draw down on ROM and product stocks in the period.
- FOB costs of A$76/t in H1 FY2020 increased from A$69/t in H1 FY2019. Unit costs were impacted by:

  *Maules Creek*

    - A continuing focus on producing high quality thermal product to meet market demand. This strategy, combined with the seam mix during the period, has increased the proportion of coal washed with a decrease in overall yield relative to the prior corresponding period. The strategy remains margin accretive.
    - An increase in strip ratio over the prior corresponding period consistent with the natural progression of the mine as it approaches the 20 year average.
    - Decreased equipment utilisation and productivity associated with shortages of skilled labour, the shortages of truck drivers and the impacts of dust and smoke haze (as a 24x7 operation still to achieve 100% in-pit dumping, Maules Creek has been disproportionately affected by these conditions relative to our other open cut operations which have shorter haul distances).
    - A drive to reach pit bottom and commence in-pit dumping. Overburden movement in H1 FY2020 was characterised by out of pit dumping and a resulting increase in haul distances. FOB costs per tonne are expected to fall in the short to medium term as in-pit dumping commences.

  *Other*

    - ROM production at Narrabri in the December quarter was impacted by difficult mining conditions in the final 200 metres of LW108.
    - Increased unit costs of demurrage, overheads and under-utilised logistics costs arising from the lower ROM production during the period,
- An impact of lower mining fleet utilisation and lower productivity rates is an increase in the depreciation costs per tonne. Depreciation per tonne has also been affected both by increases in Rehabilitation and Biodiversity assets and by an increased proportion of overburden movement relative to coal production during the period.

**CASH FLOWS & CAPITAL MANAGEMENT**

| **$ million** | **H1 FY2020** | H1 FY2019 |
|---|---|---|
| **Cash flow summary** | | |
| Cash generated from operations | 122.3 | 466.7 |
| Investing cash flows | (132.5) | (75.5) |
| Financing cash flows | 41.9 | (395.8) |
| **Cash at the end of the period** | **121.3** | **89.2** |

## CASH FLOWS & CAPITAL MANAGEMENT (CONT.)

| Capital management | 31 December 2019 | 30 June 2019 |
|---|---|---|
| Net debt[1] | 587.2 | 161.6 |
| Undrawn syndicated facility | 450.0 | 840.0 |
| Gearing ratio[1, 2] (%) | 15% | 4% |

[1] Calculated in accordance with the senior facility covenant requirements and therefore excludes lease liabilities recognised upon adoption of AASB 16 *Leases* of $106,190,000 (2019: $134,111,000)

[2] Net Debt/(Net Debt plus Equity)

### Cash Flow Commentary

*Operating cash flows*

Cash generated from operations of $122.3m in H1 FY2020 decreased by $344.4m or 74% relative to the prior corresponding period. This was largely driven by the decline in the operating EBITDA result which reflected the decline in the coal price relative to the prior corresponding period and the disappointing ROM production performance in H1FY2020.

*Investing cash flows*

Investing cash outflows during H1 FY2020 of $132.5m were higher than the prior corresponding period. This was primarily due to the following:

- Expansion of Tarrawonga ($19.3m);
- Replacement of hydraulic cylinders at Narrabri ($12.8m);
- Investments in access to and construction and upgrade of water infrastructure ($15.5m);
- Consideration paid for the acquisition of EDF Trading Australia Pty Limited ($16.6m).

Expenditure on major development projects - Narrabri Extension, Winchester South and Vickery continued as the Group progressed these key projects.

Throughout the cycle Whitehaven has continued to allocate sustaining capital to each of its mines to maintain safe and productive operations.

*Financing cash flows and Capital Management*

In September 2019 a dividend was paid of $297.3m or $0.30 per share.

Net debt at 31 December 2019 was $587.2m, an increase of $425.6m from 30 June 2019. Gearing of 15% has increased from 4% as at 30 June 2019. The increase in net debt was driven by cash generated from operations of $122.3m offset by investment in sustaining and expanding production of $132.5m, payment of the final dividend of $297.3m, new equipment finance leases at Maules Creek and conversion of a number of AASB16 right of use asset leases into traditional finance lease arrangements.

The financing cash inflow of $41.9m was largely driven by the same factors that impacted net debt with the net draw down in the senior facility of $390m primarily offset by payment of the final dividend.

Undrawn capacity of $450.0m under the senior bank facility existed at 31 December 2019.

## REVIEW OF OPERATIONS

### CONSOLIDATED EQUITY PRODUCTION, SALES AND COAL STOCKS

| Whitehaven Total - 000t | H1 FY2020 | H1 FY2019 | Movement |
|---|---|---|---|
| ROM Coal Production | 6,039 | 8,590 | (30%) |
| Saleable Coal Production | 6,527 | 7,616 | (14%) |
| Sales of Produced Coal | 7,065[1] | 7,600[1] | (7%) |
| Sales of Purchased Coal | 1,393 | 774 | 80% |
| Total Coal Sales | 8,458[1] | 8,374[1] | 1% |
| Coal Stocks at Period End | 800 | 2,662 | (70%) |

[1] Includes Sunnyside sales of produced coal of 232 kt (prior corresponding period: 207kt)

The tonnages in the table above are presented on an equity basis. Production tables and associated commentary set out in the mine-by-mine analysis are presented on a managed (100%) basis.

H1 FY2020 saleable coal production and sales of produced coal were lower than the previous corresponding period. Key features include:

- ROM coal production was below the prior corresponding period.
- Opening coal inventories were drawn down in H1 FY2020, supporting both saleable coal production and sales volumes.
- Low coal inventories at 31 December 2020 reflect the impact of decreased ROM production during the period.

## REVIEW OF OPERATIONS - SAFETY

The TRIFR decreased to 5.7 at the end of December 2019 from 6.2 at the end of June 2019. Whitehaven's TRIFR remains well below the NSW coal mining average of 14.6. The company is committed to achieving zero harm to its people and environment and Management is striving for better safety performance across all operations.

## REVIEW OF OPERATIONS – MINE BY MINE ANALYSIS

***Maules Creek Open Cut Mine*** *(Whitehaven 75%)*

| Maules Creek Mine – 000t | H1 FY2020 | H1 FY2019 | Movement |
|---|---|---|---|
| ROM Coal Production | 4,197 | 6,226 | (33%) |
| Saleable Coal Production | 3,619 | 4,390 | (18%) |
| Sales of Produced Coal | 3,802 | 4,261 | (11%) |
| Coal Stocks at Period End | 547 | 1,929 | (72%) |

Note – the tonnages in the table above are presented on a managed basis.

Maules Creek produced 4.2Mt ROM coal in the first half of FY2020. Production in H1 FY2020 was impacted by a shortage of skilled labour, and by dust and smoke events. The decreased level of ROM production adversely impacted both saleable coal production and sales volumes, but its affect was mitigated by the draw-down of opening coal inventories.

## REVIEW OF OPERATIONS – MINE BY MINE ANALYSIS (CONT.)

With a change in site management, a revised strategy has been developed and is being executed to address the labour and skills shortage that was reflected in Maules Creek's H1 FY2020 production result. The revised labour strategy is expected to reduce staff turnover, increase skill levels and drive improvements in operational productivity. Positive outcomes from this strategy have been delivered since its introduction and it positions Maules Creek to deliver an improved second half production result.

In the December quarter, mining reached the bottom of the pit and modest levels of in-pit dumping have commenced. Over the next two years, the proportion of overburden material dumped in-pit is expected to increase. The combination of the revised labour strategy and the increase in in-pit dumping is expected to contribute to a decrease in unit costs in the near to medium term.

The first autonomous haulage system (AHS) overburden fleet will be introduced into production in Q3 FY2020.

***Narrabri Underground Mine*** *(Whitehaven 77.5%)*

| Narrabri Mine - 000t | H1 FY2020 | H1 FY2019 | Movement |
|---|---|---|---|
| ROM Coal Production | 2,026 | 2,876 | (30%) |
| Saleable Coal Production | 2,630 | 2,834 | (7%) |
| Sales of Produced Coal | 2,776 | 2,802 | (1%) |
| Coal Stocks at Period End | 169 | 550 | (69%) |

Note – the tonnages in the table above are presented on a managed basis.

In H1FY2020 the Narrabri underground mine produced 2.0Mt ROM coal. The scheduled longwall change-out from LW108 to LW109 and the replacement of 400 leg cylinders was completed during November and December. Longwall production recommenced on 6 January 2020 and the ramp up of production is on schedule. Lower levels of ROM production adversely impacted both saleable coal production and sales volumes, but its affect was mitigated by the draw-down of opening coal inventories.

Completion of the longwall move in H1 FY2020 results in Narrabri's planned ROM production and coal sales for FY2020 to be weighted to H2 FY2020. The next move to LW110 is scheduled for Q3 FY2021.

Whitehaven closed its acquisition of EDF Trading Australia Pty Ltd on 31 December 2019 (effective 1 July 2019). The acquisition increases Whitehaven's interest in Narrabri to 77.5%. The acquisition triggered pre-emptive rights in favour of each of the Narrabri Joint Venture Participants (including Whitehaven). All participants have elected not to exercise their rights. The total consideration for the acquisition is US$72 million (plus customary completion adjustments). US$17 million was paid on completion, the remaining purchase price of $US55 million is payable on the completion anniversary date in five equal instalments of US$11million over the next five years.

***Gunnedah Open Cut Mines***

*Tarrawonga, Rocglen, Werris Creek and Sunnyside - Whitehaven 100%.*

| Open Cuts – 000t | H1 FY2020 | H1 FY2019 | Movement |
|---|---|---|---|
| ROM Coal Production | 1,321 | 1,907 | (31%) |
| Saleable Coal Production | 1,775 | 2,339 | (24%) |
| Sales of Produced Coal | 2,028 | 2,411 | (16%) |
| Coal Stocks at Period End | 259 | 830 | (69%) |

Note – the tonnages in the table above are presented on a managed basis.

**REVIEW OF OPERATIONS – MINE BY MINE ANALYSIS (CONT.)**

During H1 FY2020 ROM production from Rocglen and Sunnyside ceased and operations have now transitioned into rehabilitation.

The remaining Gunnedah open cut mines Tarrawonga and Werris Creek produced 1.2Mt ROM coal in H1 FY2020. The decrease in production compared with H1 FY2019 is predominantly due to the closure of Rocglen and Sunnyside and the impact of a combination of both the mining sequence and mining conditions at Werris Creek. Mining of historic underground workings at Werris Creek was completed early in H2 FY2020 and this is expected to deliver improved mining conditions. In H2 FY2020 mining of the lower seams at Werris Creek is expected to result in an increase in ROM production compared with H1.

Ramp up of Tarrawonga to 3.0Mtpa ROM coal production is on track with three new Hitachi EX5600 excavators having been successfully commissioned. It is anticipated that Tarrawonga will reach its planned 3.0Mtpa ROM production run rate in Q4 FY2020.

**DEVELOPMENT PROJECT - *Vickery*** *(Whitehaven 100%)*

The Vickery Extension Project is a proposed open cut mine with a 20-year mine life in the Gunnedah Basin with marketable reserves of 178Mt. The Project is currently with the NSW Government Department of Planning, Industry and Environment (DPIE) which is finalising its whole of government (WOG) report on the Project. The WOG report will be used by the NSW Independent Planning Commission (IPC) when it completes its final review and determination.

During the half, work progressed on both construction design and readiness for mining. Design work for the CHPP, rail spur, and other site infrastructure has been advanced and operational readiness planning and mine planning activities have been significantly progressed. Key terms for a Voluntary Planning Agreement (VPA) have been reached with the Gunnedah Shire Council; while an agreement with Narrabri Shire Council has yet to be reached.

Whitehaven anticipates a Q1 CY2020 release of the WOG report, including draft approval conditions, and for the IPC to deliver its determination in the following months.

**DEVELOPMENT PROJECT – *Winchester South*** *(Whitehaven 100%)*

The proposed Winchester South open cut metallurgical coal mine, situated in Queensland's Bowen Basin, continues to progress through the Queensland Government's major project development process. Specialist studies are now well advanced and are in the final stages of data collection. Drafting of the Environmental Impact Statement (EIS) has commenced.

Technical optimisation of the Project continued during the quarter. Exploration programs were completed and field activities have shifted to site rehabilitation. Coal testing and assessment also materially advanced during the quarter allowing detailed mine planning to progress. Marketing and product positioning studies are underway.

Project infrastructure studies have also progressed. These encompass design and costing information in relation to processing and non-processing infrastructure.

Work continues on the maiden Reserve estimate for the project with an estimated release date Q4 FY2020.

**DEVELOPMENT PROJECT – *Narrabri Stage 3 Extension*** *(Whitehaven 77.5%)*

The Narrabri Underground Mine Stage 3 Extension Project is a proposal to convert the existing Narrabri South Exploration Licence into a Mining lease and extract coal. This extension accesses 80-100Mt of coal using the established infrastructure, including the existing coal handling preparation plant, rail loop, portals and offices.

Under the proposal, Whitehaven will continue using the longwall mining method. The project involves extending the planned southern longwall panels into the adjacent Narrabri South Exploration Licence. This will extend the approved life of the mine from ~2031 to ~2045 and continue to provide employment for the current workforce.

The project has received its Secretary's Environmental Assessment Requirements from the NSW Government as well as its EPBC Act referral from the Federal Government. Based on these requirements, the company has been developing an EIS which it plans to lodge with DPIE in the H2 CY2020.

**EXPLORATION**

Whitehaven maintains several exploration and potential development projects in Queensland and New South Wales. These are early stage projects where activity and spending is undertaken to keep the tenements in good standing.

**INFRASTRUCTURE**

*Rail Track Capacity*

Whitehaven contracts its below rail capacity from the Australian Rail Track Corporation (ARTC). Expansion options have been identified for Whitehaven's additional capacity requirements within the Gunnedah Basin through improved operating efficiencies and track upgrades. These include the ARTC Network Control Optimisation project currently being implemented. Whitehaven is continuing this work with ARTC to ensure long term rail logistics costs are optimised.

*Rail Haulage Capacity*

Whitehaven has capacity within its two long term rail haulage contracts for all current NSW based mine production plans up until the commencement of production from the Vickery Expansion Project. The NSW related haulage contracts allow Whitehaven to align planned increases in production with rail capacity by giving notice to the rail providers of the need for additional capacity. This gives Whitehaven the ability to support its planned increases in managed production levels, while minimising fixed cost exposure.

*Port Capacity*

Whitehaven holds contracts at the Port of Newcastle which allow access to all three export coal terminals to support planned shipments. Whitehaven will require additional port capacity for the forecast production ramp up over the coming years, noting there is already sufficient surplus capacity available to support these production increases at the existing terminals. Analysis continues on options to secure long term capacity at the lowest cost.

*Queensland*

Following the acquisition of the Winchester South tenement, Whitehaven has commenced analysis of options available for the logistics task in Queensland and alternative infrastructure requirements. The objective of this analysis is to provide a robust, efficient logistics solution for the Winchester South project. Both port and track owners have been engaged and Whitehaven will work with these parties to ensure a robust logistics system from first coal onwards.

**OUTLOOK**

**Thermal and Metallurgical Coal Outlook**

The trade dispute between the United States of America (USA) and China during FY2019 contributed to softness in global demand and in demand for thermal coal; it has also contributed to weakness in the seaborne thermal coal price, while low European gas prices, an increase in the European price of carbon and relatively low seaborne spot LNG prices have also weighed upon coal prices over the past two years. However, the recent Phase 1 trade deal between the USA and China is expected to provide a boost to global trade.

The coronavirus has caused a temporary loss of demand for coal in China, however the supply of coal in China has also been reduced as a result of the virus. During February 2020 the loss of demand in China has been offset by the loss of domestic supply leading to a strengthening of China domestic prices and seaborne coal prices.

Whitehaven continues to see strong end user and trader demand for high quality thermal coal. The Newcastle GlobalCoal Index price has found a floor in second half of CY2019 of circa US$67/t, while API 4 pricing is now ~US$90/t. There is strength in the physical Richards Bay market as it rallied strongly at the end of CY2019. The Newcastle GlobalCoal Index price levels have seen 'swing' suppliers from Colombia, Canada and the USA withdraw from the market which has led to a rebalancing of the fundamentals, and pricing being well supported in a range around the high US$60's.

Spot LNG pricing has recovered from lows experienced in early 2019 but the incentive remains to switch fuel sources for those generators who can. Market expectations remain that spot LNG prices are likely to rebound in the medium term as consuming nations, including China, expand their capacity to receive imported LNG and the current LNG development project pipeline is completed and brought on stream.

Signed in accordance with a resolution of the Directors:

The Hon. Mark Vaile AO
Chairman
20 February 2020

Paul Flynn
Managing Director
20 February 2020

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# Auditor's Independence Declaration to the Directors of Whitehaven Coal Limited

As lead auditor for the review of Whitehaven Coal Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of 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.

This declaration is in respect of Whitehaven Coal Limited and the entities it controlled during the financial period.

Ernst & Young

Ryan Fisk
Partner
20 February 2020

# Whitehaven Coal Limited
## Consolidated statement of comprehensive income
## For the half-year ended 31 December 2019

| | *Note* | 31 Dec 2019 $'000 | 31 Dec 2018 $'000 |
|---|---|---|---|
| Revenue | *3* | 885,080 | 1,270,088 |
| Other income | | 1,386 | 1,770 |
| | | | |
| Operating expenses | | (338,564) | (341,078) |
| Coal purchases | | (127,430) | (110,779) |
| Selling and distribution expenses | | (166,889) | (155,048) |
| Royalties | | (61,069) | (93,854) |
| Administrative expenses | | (12,539) | (12,402) |
| Depreciation and amortisation | | (116,070) | (96,222) |
| Share-based payments expense | | (2,470) | (4,676) |
| Foreign exchange gain/(loss) | | (236) | (3,205) |
| **Profit before net financial expense** | | **61,199** | **454,594** |
| | | | |
| Financial income | | 734 | 1,039 |
| Financial expenses | | (20,988) | (23,523) |
| **Net financial expense** | *4* | **(20,254)** | **(22,484)** |
| | | | |
| **Profit before tax** | | **40,945** | **432,110** |
| | | | |
| Income tax expense | | (13,548) | (126,276) |
| **Net profit for the period** | | **27,397** | **305,834** |
| | | | |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Net movement on cash flow hedges | | 3,096 | 1,794 |
| Income tax effect | | (929) | (538) |
| **Other comprehensive income for the period, net of tax** | | **2,167** | **1,256** |
| **Total comprehensive income for the period, net of tax** | | **29,564** | **307,090** |
| | | | |
| **Net profit for the period attributable to:** | | | |
| Owners of the parent | | 27,397 | 305,834 |
| | | **27,397** | **305,834** |
| | | | |
| **Total comprehensive profit for the period, net of tax attributable to:** | | | |
| Owners of the parent | | 29,564 | 307,090 |
| | | **29,564** | **307,090** |
| **Earnings per share:** | | | |
| Basic profit per share (cents per share) | | 2.8 | 30.9 |
| Diluted profit per share (cents per share) | | 2.7 | 30.4 |



The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

**Whitehaven Coal Limited**
**Consolidated statement of financial position**
**As at 31 December 2019**

| | *Note* | 31 Dec 2019 $'000 | 30 Jun 2019 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | | 121,345 | 119,535 |
| Trade and other receivables | | 124,721 | 155,745 |
| Inventories | | 101,884 | 148,939 |
| Income tax receivable | | 4,947 | - |
| Derivative financial instruments | *11* | 751 | 47 |
| **Total current assets** | | **353,648** | **424,266** |
| **Non-current assets** | | | |
| Trade and other receivables | | 12,725 | 10,518 |
| Investments | *11* | 37 | 37 |
| Property, plant and equipment | | 4,070,382 | 3,841,872 |
| Exploration and evaluation | | 570,194 | 547,089 |
| Intangibles | | 22,946 | 21,350 |
| **Total non-current assets** | | **4,676,284** | **4,420,866** |
| **Total assets** | | **5,029,932** | **4,845,132** |
| | | | |
| **Liabilities** | | | |
| Trade and other payables | | 214,564 | 197,731 |
| Loans and borrowings | *5* | 70,823 | 81,728 |
| Employee benefits | | 29,363 | 26,510 |
| Provisions | *6* | 19,135 | 29,985 |
| Income tax payable | | - | 288 |
| Derivative financial instruments | *11* | 482 | 2,874 |
| **Total current liabilities** | | **334,367** | **339,116** |
| **Non-current liabilities** | | | |
| Loans and borrowings | *5* | 743,882 | 333,529 |
| Payables | | 62,111 | - |
| Provisions | *6* | 260,171 | 260,219 |
| Deferred tax liabilities | | 373,062 | 390,068 |
| **Total non-current liabilities** | | **1,439,226** | **983,816** |
| **Total liabilities** | | **1,773,593** | **1,322,932** |
| **Net assets** | | **3,256,339** | **3,522,200** |
| | | | |
| **Equity** | | | |
| Issued capital | | 3,003,835 | 2,980,933 |
| Share based payments reserve | | 12,787 | 16,909 |
| Hedge reserve | | 188 | (1,979) |
| Retained earnings | | 239,529 | 526,337 |
| **Total equity** | | **3,256,339** | **3,522,200** |

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.

## Whitehaven Coal Limited
## Consolidated statement of changes in equity
## For the half-year ended 31 December 2019

| | Issued capital | Share Based Payment Reserve | Hedge Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 July 2018** | **2,993,458** | **13,948** | **1,022** | **474,384** | **3,482,812** |
| Profit for the period | - | - | - | 305,834 | 305,834 |
| Other comprehensive income | - | - | 1,256 | - | 1,256 |
| Total comprehensive income for the period | **-** | **-** | **1,256** | **305,834** | **307,090** |
| **Transactions with owners in their capacity as owners** | | | | | |
| Dividends paid | - | - | - | (267,516) | (267,516) |
| Share based payments | - | 4,676 | - | - | 4,676 |
| Transfer on exercise of share based payments | 15,814 | (3,695) | - | (12,119) | - |
| Transfer on lapse of share based payments | - | (102) | - | 102 | - |
| Purchase of shares through employee share plan | (23,847) | - | - | - | (23,847) |
| **Balance as at 31 December 2018** | **2,985,425** | **14,827** | **2,278** | **500,685** | **3,503,215** |

| | Issued Capital | Share Based Payment Reserve | Hedge Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 July 2019** | **2,980,933** | **16,909** | **(1,979)** | **526,337** | **3,522,200** |
| Profit for the period | - | - | - | 27,397 | 27,397 |
| **Other comprehensive income** | - | - | 2,167 | - | 2,167 |
| Total comprehensive income for the period | **-** | **-** | **2,167** | **27,397** | **29,564** |
| **Transactions with owners in their capacity as owners** | | | | | |
| Dividends paid | - | - | - | (297,346) | (297,346) |
| Share based payments | - | 2,470 | - | - | 2,470 |
| Transfer on exercise of share based payments | 22,902 | (6,043) | - | (16,859) | - |
| Cash settled share based payments | - | (549) | - | - | (549) |
| **Balance as at 31 December 2019** | **3,003,835** | **12,787** | **188** | **239,529** | **3,256,339** |

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements.

**Whitehaven Coal Limited**
**Consolidated statement of cash flows**
**For the half-year ended 31 December 2019**

| | *Note* | 31 Dec 2019 $'000 | 31 Dec 2018 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | 915,518 | 1,182,347 |
| Cash paid to suppliers and employees | | (793,192) | (715,685) |
| **Cash generated from operations** | | 122,326 | 466,662 |
| Interest paid | | (14,389) | (18,964) |
| Interest received | | 732 | 1,038 |
| Net income taxes paid | | (16,242) | - |
| **Net cash from operating activities** | | **92,427** | **448,736** |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | 27 | 1,060 |
| Purchase of property, plant and equipment | | (89,526) | (47,314) |
| Expenditure on projects | | (26,394) | (24,416) |
| Acquisition of a subsidiary, net of cash acquired | | (16,611) | (4,803) |
| **Net cash used in investing activities** | | **(132,504)** | **(75,473)** |
| **Cash flows from financing activities** | | | |
| Purchase of shares | | - | (23,847) |
| Proceeds from borrowings | | 490,000 | 250,000 |
| Repayment of borrowings | | (105,954) | (305,954) |
| Payment of finance facility upfront costs | | (81) | (1,189) |
| Payment of lease liabilities | | (44,732) | (47,339) |
| Payment of dividend | | (297,346) | (267,516) |
| **Net cash from/(used) in financing activities** | | **41,887** | **(395,845)** |
| Net change in cash and cash equivalents | | 1,810 | (22,582) |
| Cash and cash equivalents at 1 July | | 119,535 | 111,777 |
| **Cash and cash equivalents at 31 December** | | **121,345** | **89,195** |

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.

## 1 Reporting entity

Whitehaven Coal Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ("ASX"). The address of the Company's registered office is Level 28, 259 George Street, Sydney NSW 2000. The Company is a for-profit entity, and the principal activity of the Group is the development and operation of coal mines in New South Wales and Queensland.

The consolidated financial report of the Company as at and for the half-year ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the 'Group') and was authorised for issue in accordance with a resolution of the Board of Directors on 20 February 2020.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2019 is available from the Company's website www.whitehavencoal.com.au or upon request from the Company's registered office.

## 2 Basis of preparation and changes to the Group's accounting policies

### a) Basis of preparation

The interim consolidated financial statements for the half year ended 31 December 2019 represent a condensed set of financial statements and have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2019 and any public announcements made by Whitehaven Coal Limited during the half-year ended 31 December 2019 in accordance with the continuous disclosure requirements of the ASX listing rules.

### b) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019. As disclosed in the 2019 annual financial report, the Group early adopted AASB 16 *Leases* in the financial year ended 30 June 2019, effective from 1 July 2018.

Several amendments and interpretations apply for the first time in the current period but do not have an impact on the interim consolidated financial statements of the Group.

## 3 Segment Reporting

***Identification of reportable segments***

The Group has determined that it has two reportable segments – Open Cut Operations and Underground Operations.

Unallocated operations includes coal trading, corporate, marketing, infrastructure functions as well as exploration projects which are managed on a group basis and are not allocated to reportable segments.

The Group's financing (including finance costs and finance income), depreciation and income taxes are managed on a group basis and are not allocated to reportable segments.

The following table represents revenue and profit information for reportable segments for the half years ended 31 December 2019 and 31 December 2018.

***Disaggregation of revenue***

The Group disaggregates revenue based on the type of good provided to customers. Set out below is the disaggregation of the Group's revenue from contracts with customers, classified into each reportable segment. The Group recognises its revenue at a point in time, when the transfer of control passes to the customer as the product is loaded onto a vessel for delivery.

### 3 Segment Reporting (continued)

| | Unallocated<br>$'000 | Open Cut Operations<br>$'000 | Underground Operations<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Half year ended 31 December 2019** | | | | |
| **Revenue** | | | | |
| Segment revenue | 119,130 | 547,358 | 218,592 | 885,080 |
| Revenue by product type: | | | | |
| Metallurgical coal | - | 144,815 | 47,986 | 192,801 |
| Thermal coal | 119,130 | 402,543 | 170,606 | 692,279 |
| Total revenue from contracts with customers | 119,130 | 547,358 | 218,592 | 885,080 |

| | Unallocated<br>$'000 | Open Cut Operations<br>$'000 | Underground Operations<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Result** | | | | |
| Segment EBITDA result | (1,036) | 132,428 | 45,877 | 177,269 |
| | | | | |
| Depreciation and amortisation | | | | (116,070) |
| Net financial expense | | | | (20,254) |
| Income tax expense | | | | (13,548) |
| Net profit after tax per statement of comprehensive income | | | | 27,397 |

| | Unallocated<br>$'000 | Open Cut Operations<br>$'000 | Underground Operations<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Capital expenditure** | | | | |
| Segment expenditure | 41,338 | 31,247 | 43,335 | 115,920 |

| | Unallocated<br>$'000 | Open Cut Operations<br>$'000 | Underground Operations<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Half year ended 31 December 2018** | | | | |
| **Revenue** | | | | |
| Segment revenue | 114,544 | 855,254 | 300,290 | 1,270,088 |
| Revenue by product type: | | | | |
| Metallurgical coal | - | 200,378 | 45,597 | 245,975 |
| Thermal coal | 114,544 | 654,876 | 254,693 | 1,024,113 |
| Total revenue from contracts with customers | 114,544 | 855,254 | 300,290 | 1,270,088 |

## 3 Segment Reporting (continued)

| | Unallocated $'000 | Open Cut Operations $'000 | Underground Operations $'000 | Total $'000 |
|---|---|---|---|---|
| **Result** | | | | |
| Segment EBITDA result | 2,824 | 414,029 | 133,963 | 550,816 |
| | | | | |
| Depreciation and amortisation | | | | (96,222) |
| Net financial expense | | | | (22,484) |
| Income tax expense | | | | (126,276) |
| Net profit after tax per statement of comprehensive income | | | | 305,834 |

| | Unallocated $'000 | Open Cut Operations $'000 | Underground Operations $'000 | Total $'000 |
|---|---|---|---|---|
| **Capital expenditure** | | | | |
| Segment expenditure | 24,143 | 11,615 | 35,972 | 71,730 |

## 4 Financial income and expense

| | 31 Dec 2019 $'000 | 31 Dec 2018 $'000 |
|---|---|---|
| Recognised in profit and loss | | |
| Interest income | 734 | 1,039 |
| Financial income | 734 | 1,039 |
| | | |
| Interest expense on lease liabilities | (5,489) | (7,178) |
| Interest on drawn debt facility | (4,401) | (5,790) |
| Other financing charges | (6,688) | (6,422) |
| Interest and financing costs | (16,578) | (19,390) |
| Net interest expense | (15,844) | (18,351) |
| Unwinding of discounts on provisions | (1,698) | (1,193) |
| Amortisation of finance charges payable under debt facilities | (2,712) | (2,940) |
| Other financial expenses | (4,410) | (4,133) |
| Net financial expense | (20,254) | (22,484) |

## 5 Loans and borrowings

| | 31 Dec 2019 $'000 | 30 June 2019 $'000 |
|---|---|---|
| Current liabilities | | |
| Lease liabilities | 69,679 | 76,532 |
| Secured loans – ECA facility | 7,785 | 11,908 |
| Capitalised borrowing costs | (6,641) | (6,712) |
| | 70,823 | 81,728 |
| Non-current liabilities | | |
| Senior bank facility | 550,000 | 160,000 |
| Lease liabilities | 183,966 | 164,992 |
| Secured loans – ECA facility | 14,613 | 16,444 |
| Capitalised borrowing costs | (4,697) | (7,907) |
| | 743,882 | 333,529 |
| Total loans and borrowings | 814,705 | 415,257 |
| | | |
| Financing facilities | 1,276,043 | 1,269,876 |
| Facilities utilised at reporting date | 826,043 | 429,876 |
| Facilities not utilised at reporting date | 450,000 | 840,000 |

During the current period $100 million of debt drawn under the senior bank facility was repaid (31 December 2018: $300 million) and $490 million was redrawn (31 December 2018: $250 million). The Group repaid $5.9 million of the ECA facility during the period (31 December 2018: $5.9 million). The senior bank facility and the ECA facility are secured via a fixed and floating charge over the majority of the Group's assets.

Included within current and non-current lease liabilities are leases recognised upon adoption of AASB 16 *Leases* of $39,600,000 and $66,600,000 respectively (30 June 2019: $54,563,000 and $79,548,000 respectively). Lease liabilities are secured over the leased assets to which they relate.

The fair values of loans and borrowings liabilities materially approximate their respective carrying values as at 31 December 2019 and 30 June 2019.

## 6 Provisions

| | 31 Dec 2019 $'000 | 30 June 2019 $'000 |
|---|---|---|
| Mine rehabilitation and biodiversity provisions | 279,306 | 290,204 |
| | 279,306 | 290,204 |
| Current | 19,135 | 29,985 |
| Non-current | 260,171 | 260,219 |
| | 279,306 | 290,204 |

## 7 Dividends

Dividends of $297,346,000 were paid to shareholders during the six months ended 31 December 2019 (2018: $267,516,000).

On 20 February 2019 the Directors declared an unfranked dividend of 1.5 cents per share totalling $14.9 million to be paid on 6 March 2020. The financial effect of this dividend has not been brought to account in the financial statements for this period.

## 8 Contingencies

### Bank guarantees

| | | 31 Dec 2019 $'000 | 30 June 2019 $'000 |
|---|---|---|---|
| The Group has provided bank guarantees to: | | | |
| (i) | Government departments as a condition of continuation of mining and exploration licenses | 235,846 | 235,826 |
| (ii) | Rail capacity providers | 27,936 | 27,936 |
| (iii) | Port capacity providers | 134,939 | 115,941 |
| (iv) | Electricity network access supplier | 23,534 | 23,534 |
| (v) | Other | 2,079 | 2,072 |
| | | 424,334 | 405,309 |

### Other

As previously reported, representative proceedings were commenced against the Group on 21 December 2018 in the Supreme Court of Queensland by Nathan Tinkler as representative applicant. The proceedings were brought on behalf of a number of parties who were issued with Milestone Shares (subject to restrictions on voting and transfer until various development milestones are met) in Whitehaven Coal Limited in May 2012. The proceedings have since been transferred to the Supreme Court of New South Wales and the representative applicant has been replaced by Les & Zelda Investments Pty Ltd (ACN 148 907 573) as Trustee for the Les & Zelda Family Trust. The pleadings make various allegations against the Group concerning an alleged breach of contract, misleading and deceptive conduct and minority shareholder oppression in connection with the Milestone Shares. The Group has filed a defence which denies those allegations. The proceedings are ongoing, and no trial date has yet been set.

Other than the above, there is a number of legal and potential claims against the Group which have arisen in the ordinary course of business.

As the Group believes that it has no liability for the above matters, a provision has not been made for any potential adverse outcome. The Group will vigorously defend these matters, and believes that any adverse outcome would not be material based on information currently available to the Group.

## 9 Acquisition of business

### Acquisitions in the half-year ended 31 December 2019

On 31 December 2019, the Group completed the acquisition of EDF Trading Australia Pty Limited which owns a 7.5% interest in the Narrabri Coal Project Joint Venture. The acquisition had an effective date of 1 July 2019 and brings Whitehaven's ownership interest in the Narrabri Coal Project Joint Venture to 77.5%. The completion of the acquisition triggers pre-emptive rights in favour of each of the Narrabri Joint Venture Participants (including Whitehaven). All participants have elected not to exercise their rights.

Details of the purchase consideration, the net assets acquired and the impact of the acquisition on the Group are as follows:

#### a) Purchase consideration

| | |
|---|---|
| Cash consideration | 17,640 |
| Deferred consideration | 81,156 |
| **Total consideration** | **98,796** |
| Cash acquired as part of the acquisition | (1,029) |
| **Net cash flow on acquisition** | **16,611** |

## 9 Acquisition of business (cont.)

### b) Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of EDF Trading Australia Pty Limited at 1 July 2019, the effective date of acquisition were as follows:

| | Fair value recognised on acquisition |
|---|---|
| **Assets** | $'000 |
| Cash and cash equivalents | 1,029 |
| Trade and other receivables | 2,036 |
| Inventory | 5,622 |
| Deferred tax asset | 20,561 |
| Property, plant and equipment | 92,083 |
| | **121,331** |
| **Liabilities** | |
| Trade and other payables | (14,191) |
| Provision for decommissioning costs | (1,643) |
| | **(15,834)** |
| **Total identifiable net assets at fair value** | **105,497** |
| **Total consideration** | **98,796** |
| Gain on acquisition | 6,701 |
| Acquisition related costs | (6,679) |

### c) Impact of the acquisition on the results of the Group

From the effective date of acquisition, EDF Trading Australia Pty Limited contributed $20,879,000 of revenue and $258,000 to profit before tax of the Group as disclosed in the consolidated statement of comprehensive income for the half year ended 31 December 2019.

## 10 Interest in joint operations

| | % Ownership Interest | |
|---|---|---|
| Joint Operations: | **31 Dec 2019** | **30 June 2019** |
| Narrabri Coal Joint Venture[2] | 77.5% | 70% |
| Maules Creek Joint Venture | 75% | 75% |
| Dingo Joint Venture | 70% | 70% |
| Ferndale Joint Venture | 92.5% | 92.5% |
| Boggabri-Maules Creek Rail Spur Joint Venture | 39% | 39% |
| Maules Creek Marketing Pty Ltd[1] | 75% | 75% |
| Boggabri-Maules Creek Rail Pty Ltd[1] | 39% | 39% |

[1] The joint operations above operate as the sales and marketing vehicles or manager of the related unincorporated joint operations and require the consent of joint venture partners on significant management and financial decisions. As such the Group recognises its share of assets, liabilities, revenues and expenses of the above entities as joint operations under AASB11 *Joint Arrangements*.

[2] During the half-year ended 31 December 2019, the Group acquired EDF Trading Australia Pty Limited which owns a 7.5% interest in the Narrabri Coal Project Joint Venture, effective 1 July 2019. Refer to note 9.

## 11 Financial Instruments

*Fair Values*

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 December 2019 and 30 June 2019.

The measurement hierarchy categories are as follows:
- Level 1 - measurements based upon quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 - measurements based upon inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and
- Level 3 - measurements based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group held the following financial instruments carried at fair value in the statement of financial position:

| | 31 December 2019 $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 |
|---|---|---|---|---|
| **Assets measured at fair value** | | | | |
| Equity shares | 37 | - | - | 37 |
| Forward exchange contracts – receivable | 751 | - | 751 | - |
| | 788 | - | 751 | 37 |
| **Liabilities measured at fair value** | | | | |
| Forward exchange contracts – payable | (434) | - | (434) | - |
| Interest rate swaps - payable | (48) | - | (48) | - |
| | (482) | - | (482) | - |

| | 30 June 2019 $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 |
|---|---|---|---|---|
| **Assets measured at fair value** | | | | |
| Equity shares | 37 | - | - | 37 |
| Forward exchange contracts - receivable | 47 | - | 47 | - |
| | 84 | - | 47 | 37 |
| **Liabilities measured at fair value** | | | | |
| Forward exchange contracts - payable | (2,734) | - | (2,734) | - |
| Interest rate swaps - payable | (140) | - | (140) | - |
| | (2,874) | - | (2,874) | - |

The fair value of derivative financial instruments is derived using valuation techniques based on observable market inputs, such as forward currency rates and interest rates, at the end of the reporting period. The amounts disclosed in the statement of financial position are the fair values and are classified under level 2 in the fair value measurement hierarchy. During the period the Group entered into forward exchange contracts to hedge some of its foreign exchange risk. A number of these contracts remained open at 31 December 2019.

The carrying values of financial assets and financial liabilities recorded in the financial statements materially approximates their respective net fair values, determined in accordance with the accounting policies disclosed in note 5.3 to the financial statements for the year ended 30 June 2019.

## 12 Subsequent events

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than the following:

On 19 February, Whitehaven refinanced its senior bank debt facility with a syndicate of Australian and international banks.

The new facility is a senior secured syndicated revolving corporate debt facility with an aggregate limit of A$1.0bn and able to be utilised for general corporate purposes with bilateral bank guarantee capacity. The term has been extended to now mature in July 2023.

The facility, which is on terms comparable with the one it replaces, was oversubscribed, demonstrating Whitehaven's enhanced credit profile and the strong and continued support shown to Whitehaven by its financiers.

## Directors' declaration

In the opinion of the Directors of Whitehaven Coal Limited ("the Company"):

1. the financial statements and notes set out on pages 11 to 22, are in accordance with the *Corporations Act 2001* including:

   (a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the six month period ended on that date; and

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

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

| | |
|---|---|
| The Hon. Mark Vaile AO | Paul Flynn |
| Chairman | Managing Director |
| 20 February 2020 | 20 February 2020 |

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# Independent Auditor's Review Report to the Members of Whitehaven Coal Limited

## Report on the Half Year Financial Report

### Conclusion

We have reviewed the accompanying half year financial report of Whitehaven Coal Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated interim statement of financial position as at 31 December 2019, the consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated interim statement of financial position of the Group as at 31 December 2019 and of its consolidated interim statement of comprehensive income for the half year ended on that date; and

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

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 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.

### 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, anything has come to our attention that causes us to 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 Group's consolidated interim statement of financial position as at 31 December 2019 and its consolidated interim statement of comprehensive income for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ryan Fisk
Partner
Sydney
20 February 2020

## Glossary

**Glossary of terms and abbreviations**

| | |
|---|---|
| ARTC | Australian Rail Track Corporation |
| ASEAN | Association of Southeast Asian Nations |
| CHPP | Coal Handling Preparation Plant |
| EBITDA | Earnings Before Interest, Taxation, Depreciation and Amortisation |
| ECA | Export Credit Agency |
| FEC | Forward Exchange Contract |
| FOB | Free-on-Board |
| FVLCD | Fair Value Less Costs of Disposal |
| FVOCI | Fair Value through Other Comprehensive Income |
| FVTPL | Fair Value Through Profit or Loss |
| H1 FY2020 | Six month period ending 31 December 2019 |
| H1 FY2019 | Six month period ending 31 December 2018 |
| HELE | High Energy Low Emissions |
| IEA | International Energy Agency |
| JORC | Joint Ore Resources Committee |
| KMP | Key Management Personnel |
| LTI | Long Term Incentive |
| LW | Longwall |
| MRRT | Minerals Resource Rent Tax |
| Mt | Million tonnes |
| Mtce | Million tonnes of coal equivalent |
| MTI | Medium Term Incentive |
| Mtpa | Million tonnes per annum |
| NCIG | Newcastle Coal Infrastructure Group |
| PWCS | Port Waratah Coal Services |
| ROM | Run of Mine |
| ROU | Right of Use |
| STI | Short Term Incentive |
| t | Tonne |
| TAL | Tonne Axle Loads |
| TFR | Total Fixed Remuneration |
| TRIFR | Total Recordable Injury Frequency Rate |
| TSR | Total Shareholder Return |