



**WHITEHAVEN COAL LIMITED**

**ABN 68 124 425 396**

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Royal Exchange

NSW 1225

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17 November 2009

The Manager, Listings  
Australian Securities Exchange  
Company Announcements office  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

We attach copies of the Chairman's Address and Managing Director's Presentation which will be delivered at the Company's Annual General Meeting being held at 11.00am today.

Yours Faithfully

Timothy Burt  
Company Secretary



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17 November 2009

### **Whitehaven Coal Limited AGM – 17 November, 2009 Chairman's Address**

Ladies & Gentlemen,

Whitehaven reported a strong financial result for the year, underlining the company's ability to deliver growth – both in terms of our operations and value for shareholders.

During the year, we brought the Rocglen and Sunnyside mines near Gunnedah into production. In addition, the Werris Creek mine's performance improved considerably during the second half of the year, following the company's move to 100% ownership and our becoming the operator in late 2008.

This has further enhanced Whitehaven's core, low-risk opencut business. We now have the capacity to produce up to 5.5 Mtpa of saleable coal (on a 100% managed basis) from our four opencut mines.

Construction of our world-class Narrabri underground project is advancing well. The Narrabri longwall was ordered in September for delivery in late 2010. Tony will comment further on our Narrabri project in his presentation.

Development and expansion of our operations is being co-ordinated with the associated infrastructure. Both rail and port capacity are being managed so as to meet the short and medium term requirements of our growth plans.

Importantly, the significant expansion of our operations is being carried out with a strong focus on safety, the environment and the communities in which we operate.

Our commitment to safety has continued over the course of the year. We have also improved our risk management processes, and made further improvements in the Occupational Health and Safety Management System.

In terms of the environment, our new projects have provided an opportunity for us to ensure that we have best practice environmental plans in place, including rigorous monitoring procedures and community consultation frameworks. We continue to welcome feedback from all stakeholder groups in the areas where we operate.

Our financial performance has also been pleasing. Whitehaven reported net profit after tax (NPAT) of \$244.2 million for FY2009. This included NPAT of \$166.9 million from the sale of 15% of the Narrabri Joint Venture and other significant items. Our underlying NPAT (before significant items) was \$77.3 million, more than five times the FY2008 level.

This strong performance allowed us to declare a fully-franked final dividend of 6.0 cents per share. In addition, our business reported a strong cash position, with \$135.6 million being generated from operations, compared to \$17.9 million in FY2008, and \$131.2 million cash available at year-end. This compares with \$80.9 million cash available at 30 June 2008.

Subsequent to balance date, Whitehaven undertook a capital raising through an institutional placement and a share purchase plan. The institutional placement raised net cash of \$177 million and the share purchase plan raised a further \$26 million.

Also since balance date we have reached agreement with Coal & Allied Industries Limited to acquire their Vickery assets for \$31.5 million plus approximately 1,150 hectares of land. The Vickery coal tenements adjoin Whitehaven's Gunnedah tenements and we believe contain substantial opencut and underground coal resources. This acquisition further consolidates our coal tenements in the region, and is expected to provide us with additional mine development opportunities.

We have also concluded re-financing arrangements with our banks. So, all in all, we believe that the company is in an extremely strong financial position.

Under Tony Haggarty's excellent leadership, an experienced executive team has been developed. I am confident that our Whitehaven management team has the skills and depth required to continue delivering value-enhancing operational growth for shareholders.

On behalf of the board and all shareholders I thank Tony, his senior executive team and all of our employees and contractors, for their leadership and contribution to Whitehaven's strong FY2009 performance

I now invite our Managing Director, Tony Haggarty, to speak to us.



John Conde  
Chairman



# **Whitehaven Coal Limited**

## **Delivering Growth**

### **Annual General Meeting**

### **November 17<sup>th</sup> 2009**





## 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.

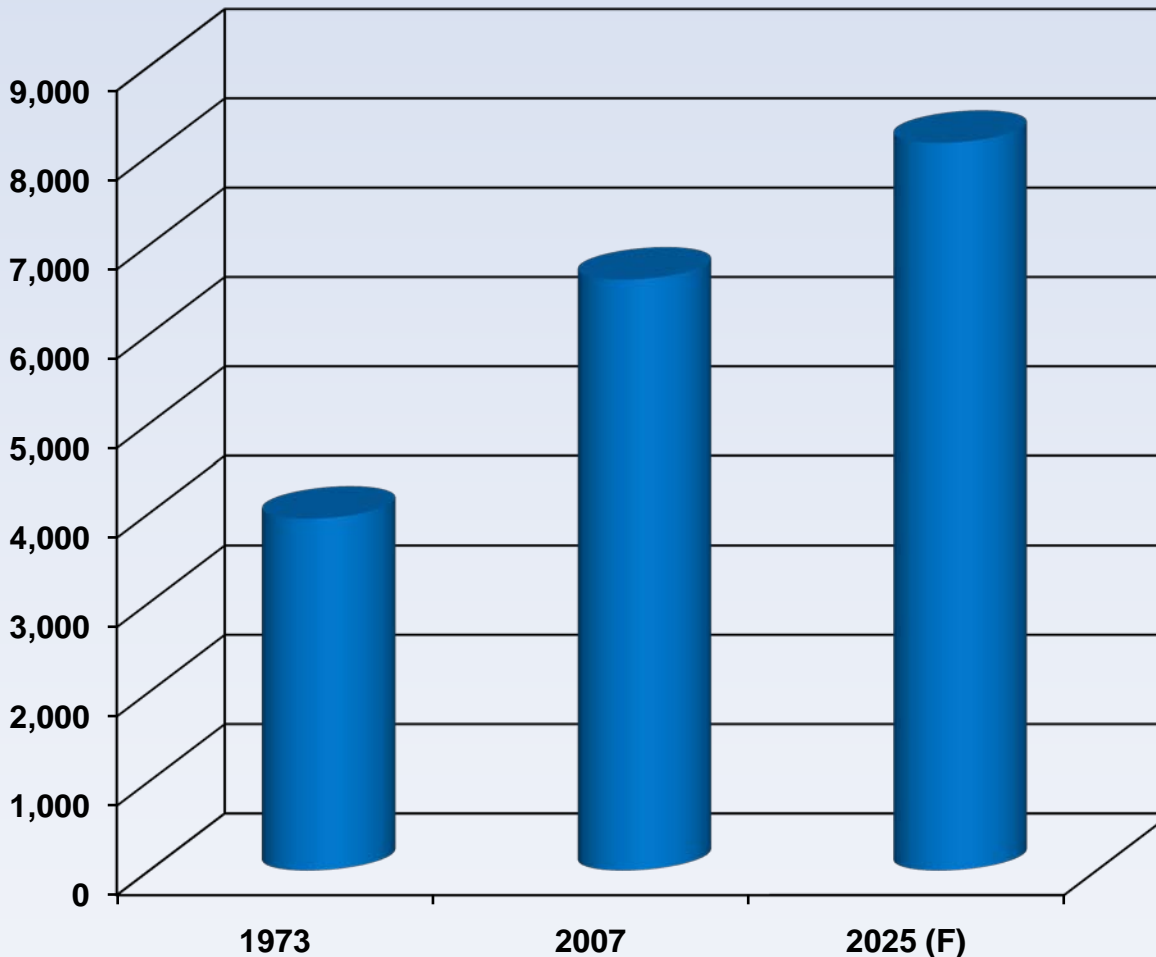


- **Outlook for coal – the big picture**
- Whitehaven Coal – the focussed picture
- Status of WHC growth plans
- WHC outlook

# Global population is growing rapidly



**Global Population - millions**



Source: International Energy Agency (IEA)

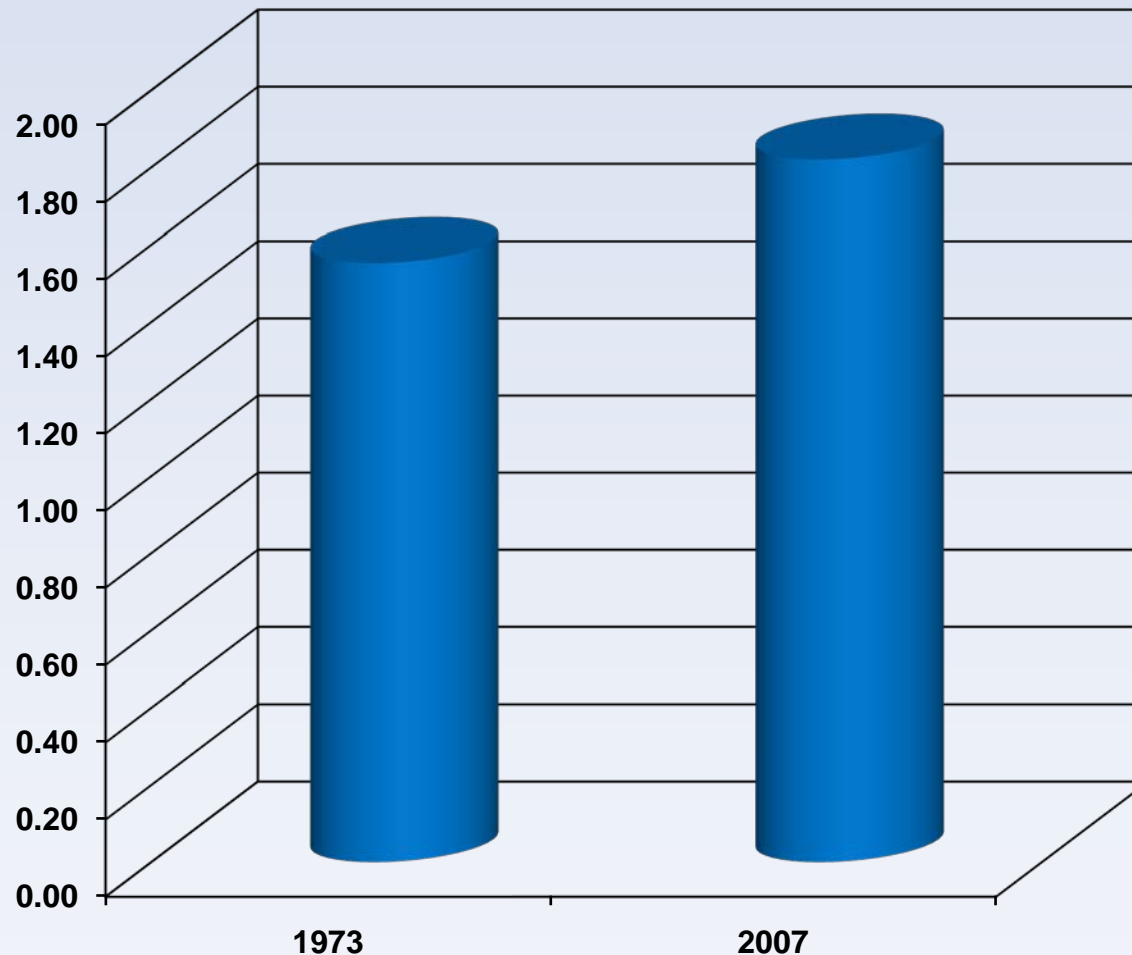
- ▶ Substantial population growth has occurred over the last 35 years and is expected to continue in the future
- ▶ People need food, shelter and warmth
- ▶ Growth in demand for energy and raw materials is therefore driven fundamentally by population growth



# Energy and raw materials consumption per person is also growing, as living standards increase



**Global Energy Consumption per Person per Year – tonnes oil equivalent (toe)**



Source: IEA

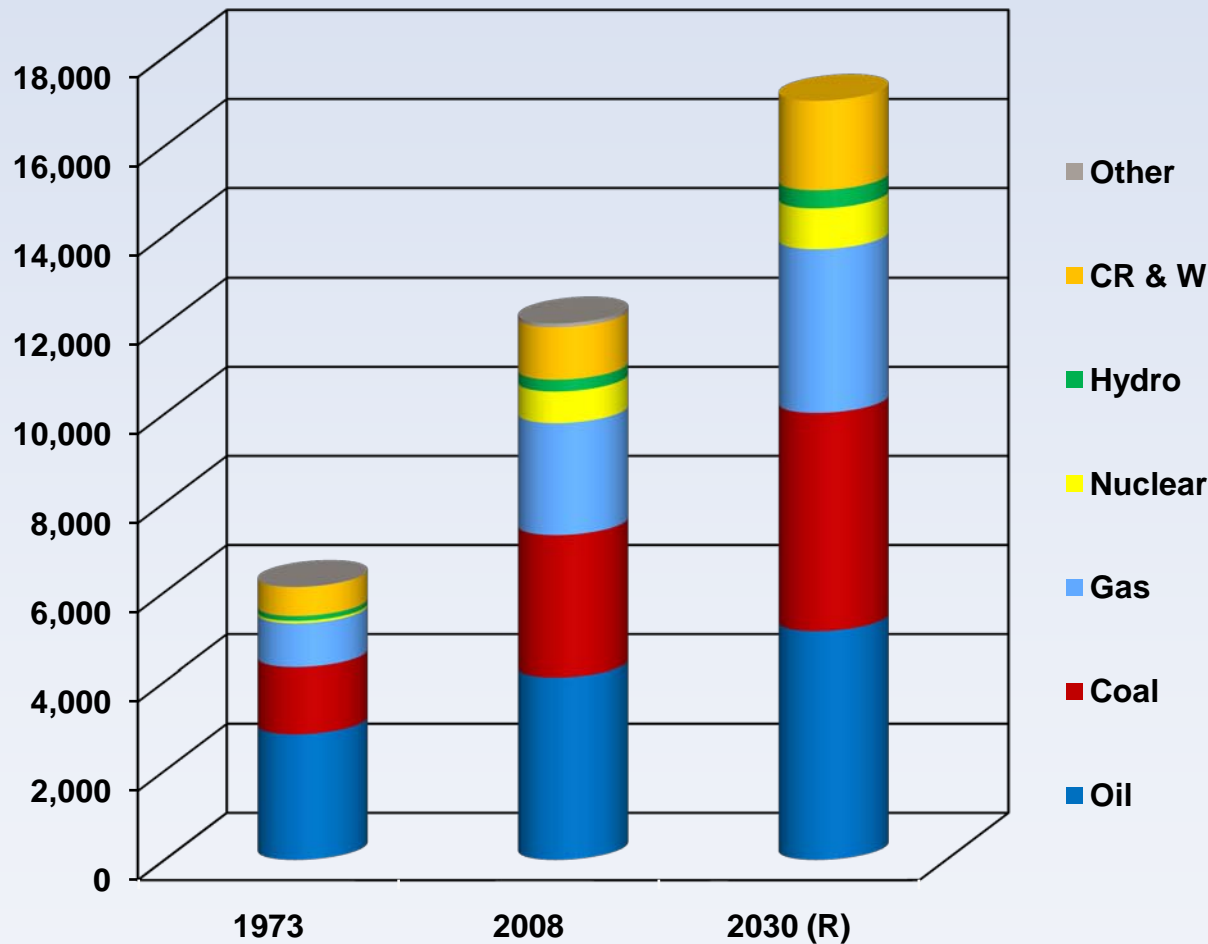
- ▶ Technology allows people to move from using basic energy sources in their homes (dung, wood, peat, coal) to using much more efficient energy sources (electricity, oil and gas)
- ▶ As living standards increase, consumption of energy and raw materials per person also increases
- ▶ Population growth and increasing living standards are therefore powerful drivers of growth in demand for energy and raw materials



# Growing energy demand is being supplied primarily from carbon fuels



**Global Primary Energy Consumption  
Mtoe**



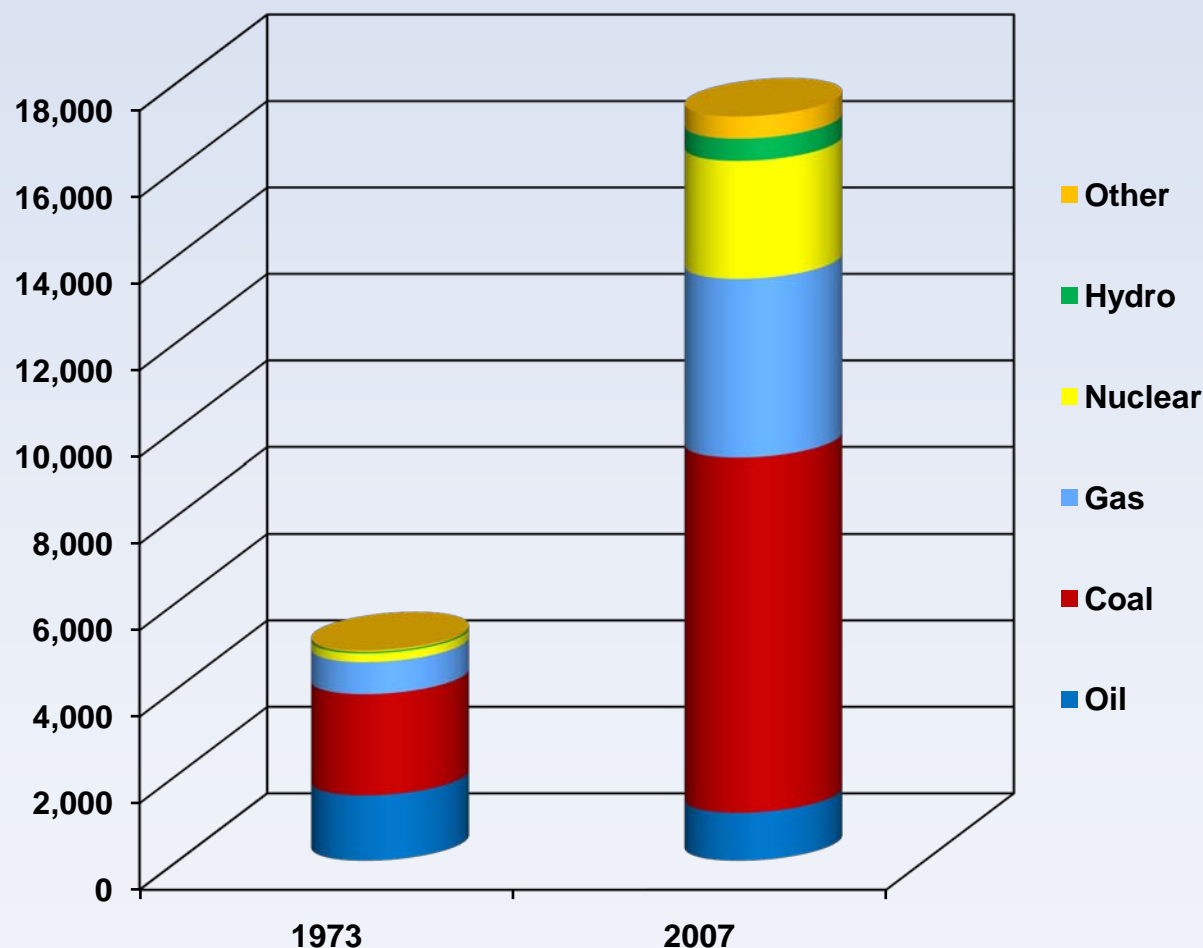
Source: IEA

- ▶ With economic growth, people stop burning wood, oil and coal in their homes, in favour of using electricity and gas which are cleaner and more convenient to use and more energy efficient
- ▶ Coal, nuclear and gas are the main fuel options for generating electricity
- ▶ Oil is used principally for liquid transport fuel, where there is currently no large-scale substitute

# Coal is favoured for producing electricity



**Global Electricity Production by Fuel Type - TWh**



Source: IEA

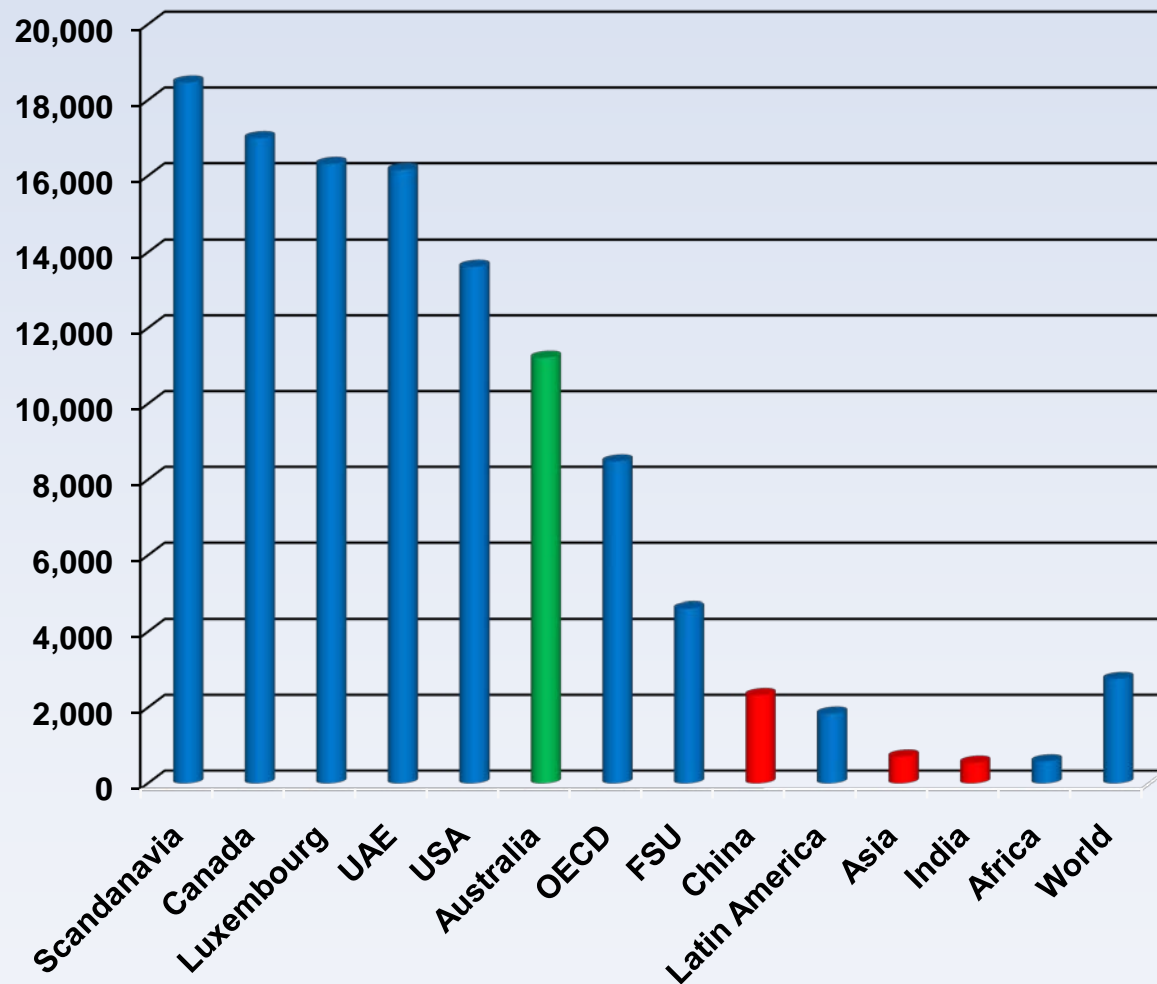
- ▶ Nuclear power is not acceptable or available to many people & we are reliant on carbon fuels to generate electricity
- ▶ Coal is favoured for generating electricity as it is cheaper, easier to handle and more widely available than oil and gas
- ▶ Gas is now used more widely for generating electricity, but is more valuable in household use, is more expensive and supply is not as secure when compared to coal

# Electricity consumption varies widely

## The developing world is far behind



Electricity Consumption per Person 2007  
KWh



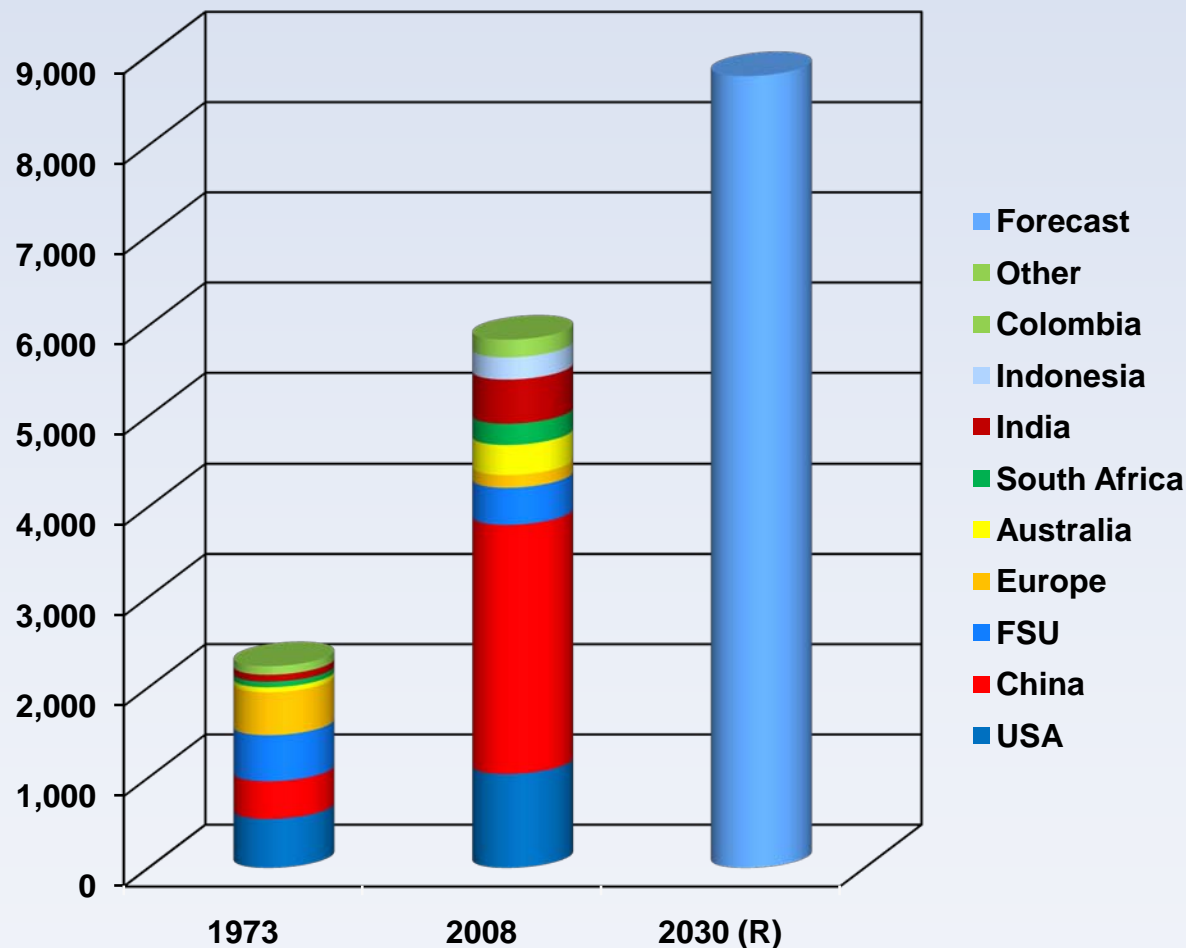
Source: IEA

- ▶ The heaviest energy users use 8 times per person more than China and Latin America and 20 times per person more than Asia, India & Africa
- ▶ As nations develop and grow, electricity usage per person will grow strongly, as will demand for transport fuel (oil) and for construction raw materials
- ▶ The significance of this is apparent when we consider that China and India are growing very strongly and that they contain one third of the world's population

# Coal use has increased rapidly over the last 35 years – for making electricity and steel



**Global Hard Coal Consumption**  
Million tonnes



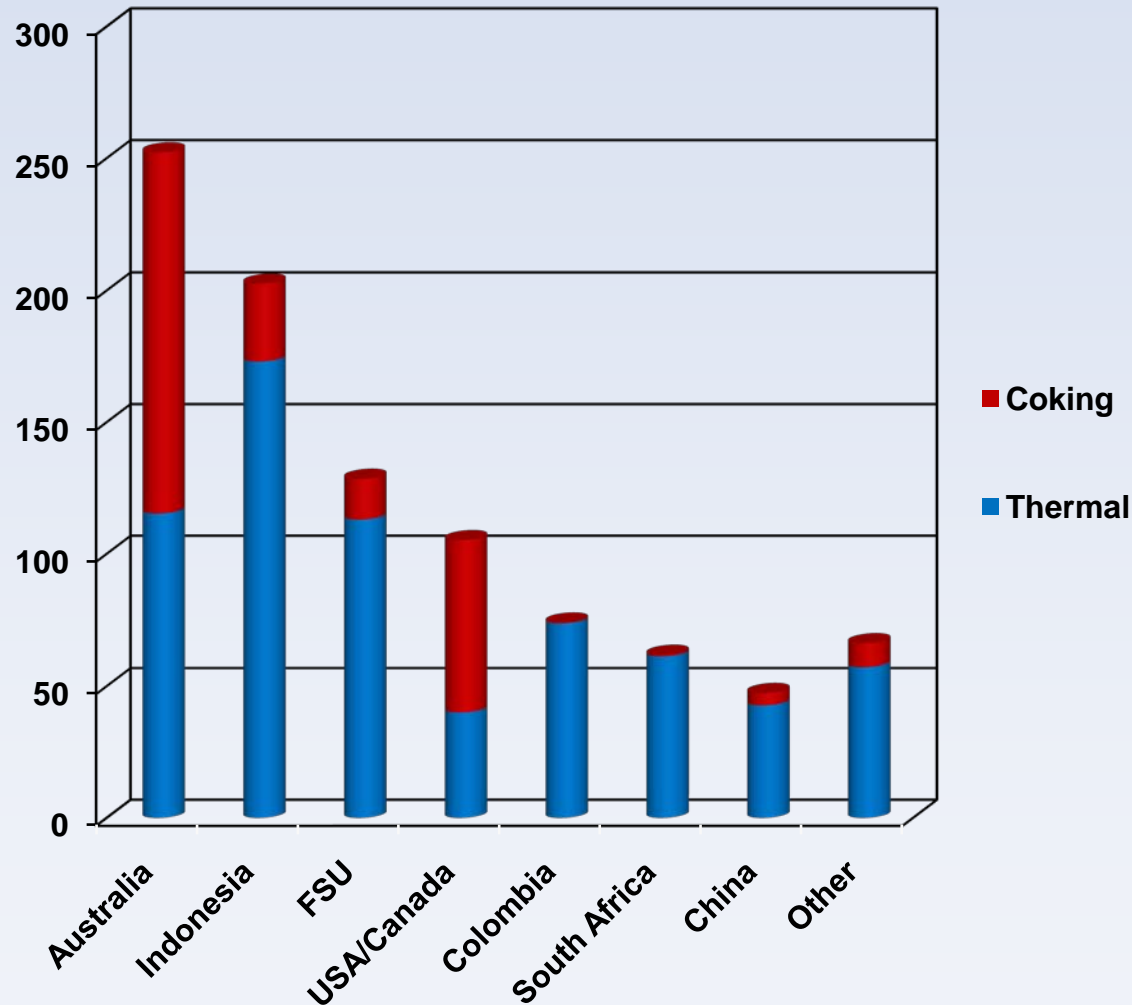
Source: IEA

- ▶ World population growth & rapid economic development of the world's largest nations will drive increasing demand for electricity and steel
- ▶ There is no substitute for coal in making steel
- ▶ There are no apparent alternatives to carbon fuels, especially coal, to meet large scale electricity demand growth, even with large increases in the use of nuclear power
- ▶ The IEA is forecasting an increase in coal consumption of almost 3 billion tpa by 2030

# Australia is the largest coal exporter and has the competitive strengths to remain #1



**Coal Exporters 2008 - Million tonnes**



Source: IEA

- ▶ Australia has the worlds best reserves of prime coking coal
- ▶ We have extensive reserves of lower grade metallurgical coals (semi-coking and PCI)
- ▶ Australia also has large reserves of high quality thermal coal
- ▶ Our mining conditions are generally good and our coal deposits are relatively close to deep water ports
- ▶ We have highly developed infrastructure for transporting and exporting coal
- ▶ We have a skilled workforce, stable political environment, sound legal systems and are at the forefront of mining management and technology

# What about coal & climate change?

## Some questions to consider



### Won't environmental pressure substantially reduce coal usage?

- ▶ *Is global population likely to continue to increase?*
- ▶ *Will under privileged people want to improve their living standards?*
- ▶ *Will they forgo improving their living standards so that we can maintain ours?*
- ▶ *Is there any practical way to meet large-scale growth in electricity and steel demand without using carbon fuels, principally coal?*

### Shouldn't Australia show an example?

- ▶ *Is Australia a major consumer of coal? (1.2%)..... or a major producer of CO2? (1.4%)*
- ▶ *Does Australia have large reserves of high quality coal, well located for export to the fastest growing nations of the world?*
- ▶ *Is coal already Australia's largest export industry?*
- ▶ *Would ceasing to use coal in Australia and closing Australia's export coal industry have an impact on global CO2 emissions?*
- ▶ *Is anything we do in Australia likely to have a significant impact on global energy or raw materials consumption?*

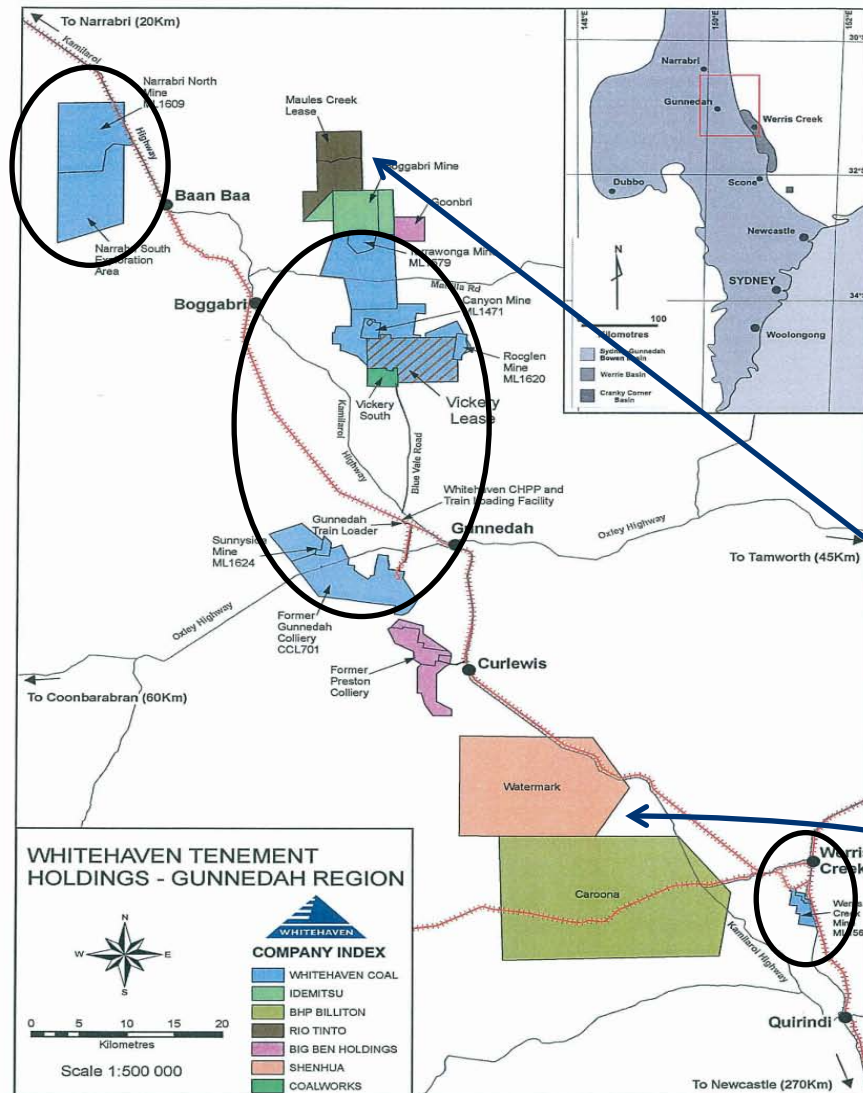
Source: IEA



- Outlook for coal – the big picture
- **Whitehaven Coal – the focussed picture**
- Status of WHC growth plans
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# Whitehaven is the leading coal producer and developer in the Gunnedah Basin



- ▶ The Gunnedah Basin contains large reserves of high quality export coal
- ▶ Whitehaven recognised the value of Gunnedah Basin coal early and has been building its large resource base for 10 years
- ▶ Narrabri was one of the last large Exploration Licences (EL) issued under the old NSW system, i.e. without competitive tender
- ▶ The recent sale of Maules Creek has highlighted the high value being placed on Gunnedah resources
- ▶ EL tenders by the NSW Government have also highlighted the value now being placed on Gunnedah Basin coal resources

# Whitehaven has a solid, low-risk, existing OC business with up to 5.5 Mtpa saleable capacity



## ► Gunnedah Operations – 3 OC Mines

### ► 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 yield ~85%

### ► Sunnyside Mine (WHC 100%)

- Reserves to support +20 year LOM
- Permitted to 1.0 Mtpa ROM
- Thermal coals





# Gunnedah operations – CHPP and rail loader



## ► Gunnedah Operations CHPP (WHC 100%)

- Permitted to handle and rail 4.0 Mtpa
- Handles all coal from Tarrawonga, Rocglen and Sunnyside
- Approximately 50% of ROM coal washed
- Washed coal yield >80%
- Total saleable coal yield >90%





# Werris Creek open cut mine



## ► Werris Creek OC Mine (WHC 100%)

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





# Narrabri Underground Mine (WHC 70%)



- ▶ Very large resource of low ash, high energy, low sulphur coal for export
- ▶ Saleable coal yield ~ 95% of 9-10% ash coal
- ▶ Continuous miner operations will begin in early 2010
- ▶ Longwall (Stage 2) to be installed in early 2011
- ▶ Production of up to 6.0 Mtpa (100% basis) from 300m wide x 4.2m high longwall
- ▶ High productivity expected due to thickness and continuity of the coal seam
- ▶ **Potential upside:**
  - **PCI coal production**
  - **Top coal caving (TCC)**

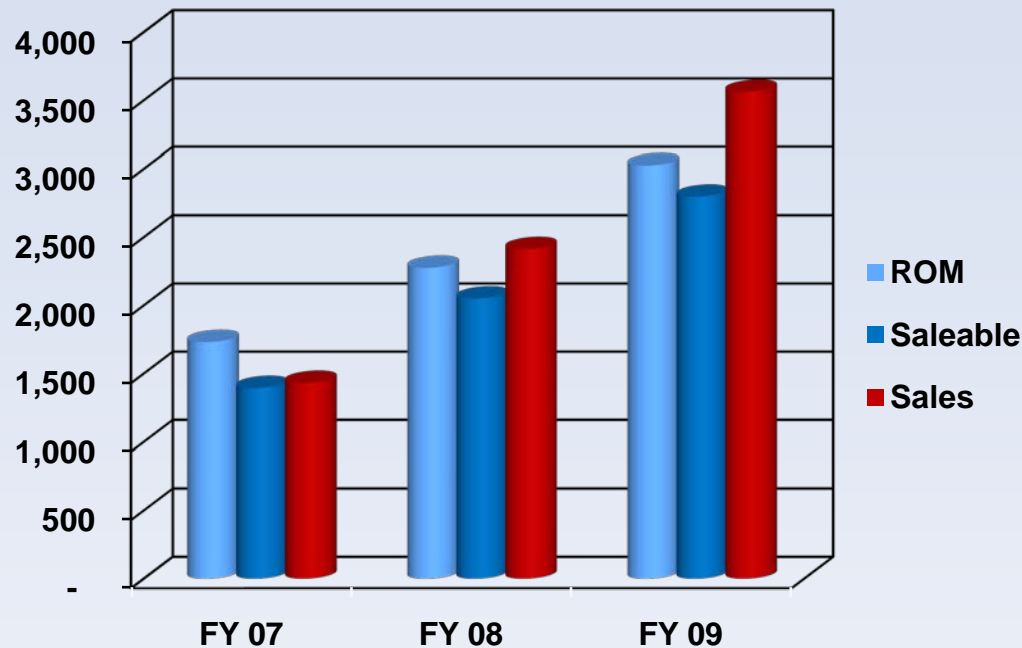


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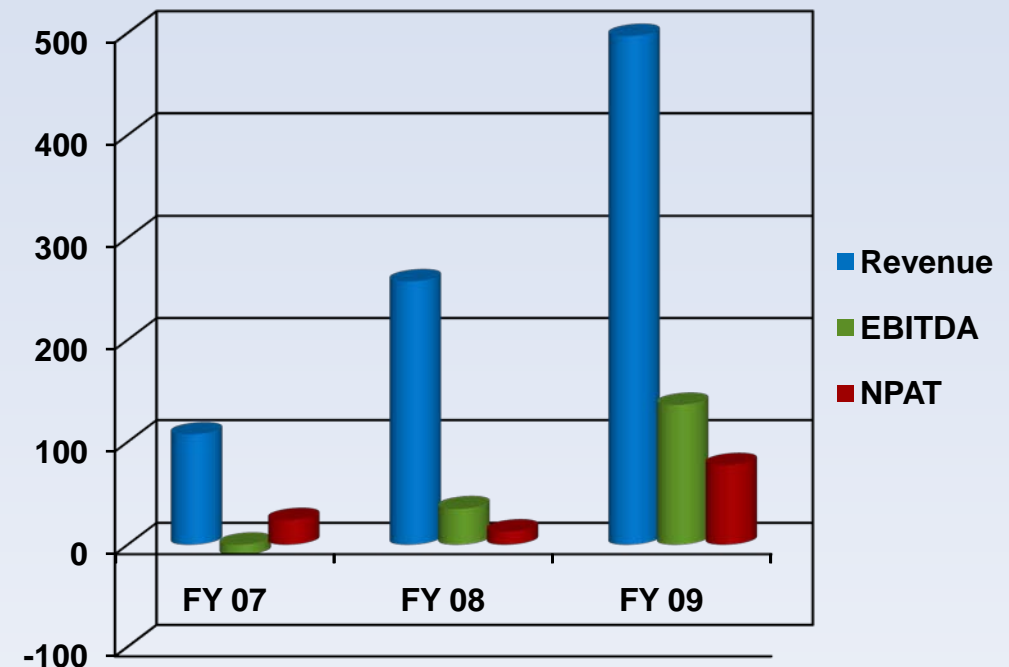
# Growth so far – production, sales and profitability



## Production and Sales - 000 tonnes



## Revenue and Profit - A\$ millions



## FY 2009 Financial Highlights

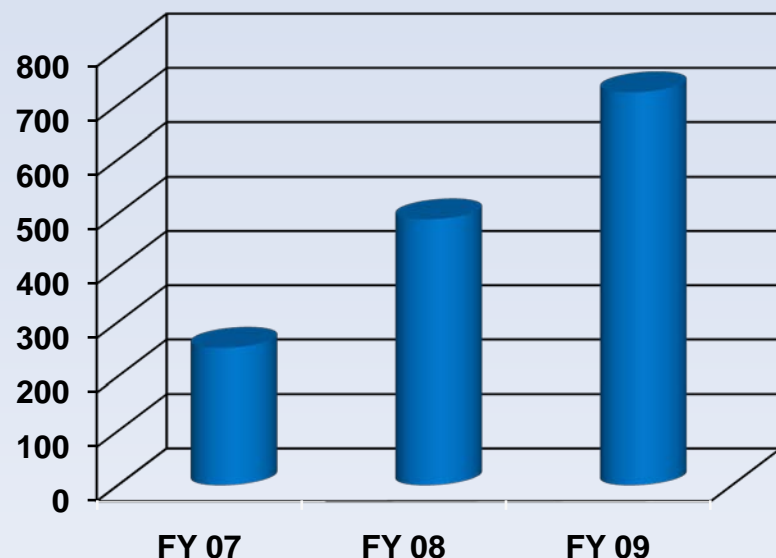
- ▶ Reported net profit after tax (NPAT) of \$244.2 million, including NPAT of \$166.9 million from the sale of 15% of the Narrabri Joint Venture and other Significant Items
- ▶ Underlying NPAT of \$77.3 million (excluding Significant Items)
- ▶ Fully franked dividends of 8.5 cents per share from FY 2009 results



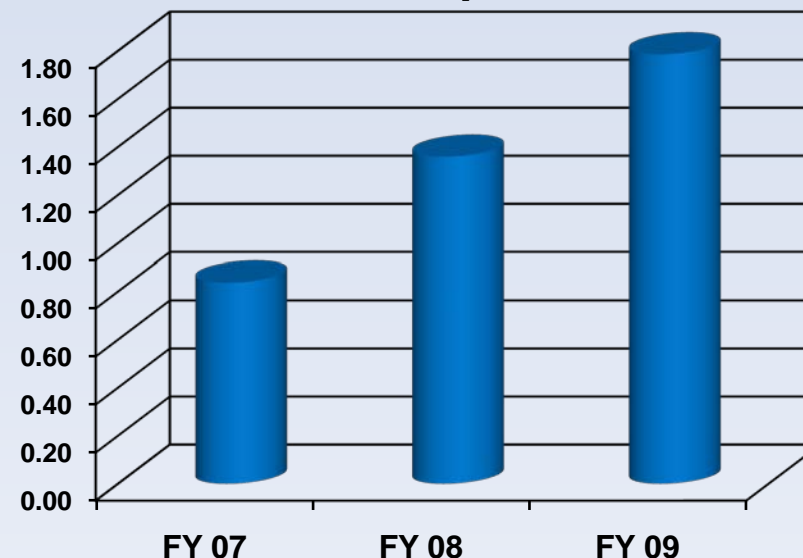
# Growth so far – financial position



**Net Assets - A\$ millions**



**Net Assets per Share - A\$**



## Strong financial position

- ▶ Substantial cash on hand (~\$240m at end October)
- ▶ Strong cash flow from operations
- ▶ Proceeds from sale of Narrabri JV interests to be received
- ▶ Growth plans well funded
- ▶ Very low debt level

# 2009 business development highlights



- ▶ JORC Coal Resources and Marketable Coal Reserves increased substantially during the year (refer WHC website for August 2009 release)
- ▶ Open cut expansion implemented successfully (Rocglen & Sunnyside)
- ▶ Narrabri Stage 1 construction progressing according to plan
- ▶ Concluded the sales of 7.5% interests in Narrabri JV to each of J-Power and EdF
- ▶ Agreed to sell a further 7.5% Narrabri interest to Daewoo/KORES
- ▶ Rail track upgrade commissioned through to Narrabri, more paths and longer trains
- ▶ Development of the NCIG port facility progressed on schedule
- ▶ Tri-partite agreement reached (Implementation Memorandum) between Newcastle Ports Corporation (NSW Government), PWCS and NCIG to provide long term access arrangements to Newcastle export capacity
- ▶ \$207 million in new equity raised in late July
- ▶ Completed detailed planning for Narrabri Stage 2 and ordered longwall in September
- ▶ Lodged development application for Narrabri Stage2
- ▶ Finalised re-financing of banking facilities with Macquarie and ANZ
- ▶ Agreement to acquire the Vickery coal assets from Coal and Allied

# Current growth priorities



## Open cut mine expansions

- ▶ Expand saleable capacity to 5.5 Mtpa saleable (100% basis) by August 2010
- ▶ Additional excavator and truck fleet for Tarrawonga, taking capacity to 2 Mtpa ROM
- ▶ Increase Werris Creek production to 1.8 Mtpa
- ▶ Rocglen continuing at design capacity of 1.5 Mtpa
- ▶ Sunnyside increasing to 600 Ktpa
- ▶ Upgrade to Gunnedah CHPP

## Narrabri development

- ▶ Narrabri Stage 1 coal production to commence early in 2010
- ▶ Narrabri Stage 2 longwall ordered, due to be delivered late 2010 and be installed early 2011
- ▶ *Reviewing the potential to produce PCI coal from Narrabri*
- ▶ *Evaluating the potential of top coal caving*

## Infrastructure development

- ▶ Conclude long term contracts with PWCS, ARTC and rail haulage providers
- ▶ Commence utilising NCIG from Q2 2010
- ▶ Continue to upgrade rail track capacity and train loading facilities

## Further increase resources & reserves

- ▶ Further upgrade resources and reserves at Narrabri
- ▶ Define resources within existing Gunnedah tenements
- ▶ Define resources and reserves within the Vickery tenements



# Narrabri status



- ▶ Surface facilities expected to be complete by year end, except for clean coal reclaim tunnel which will be commissioned in February
- ▶ Drift drivage is now progressing through very soft material which has slowed development rates and is likely to delay first coal production by some weeks
- ▶ Initial Narrabri coal sales depend on NCIG port capacity, due to be available from April





# Narrabri status



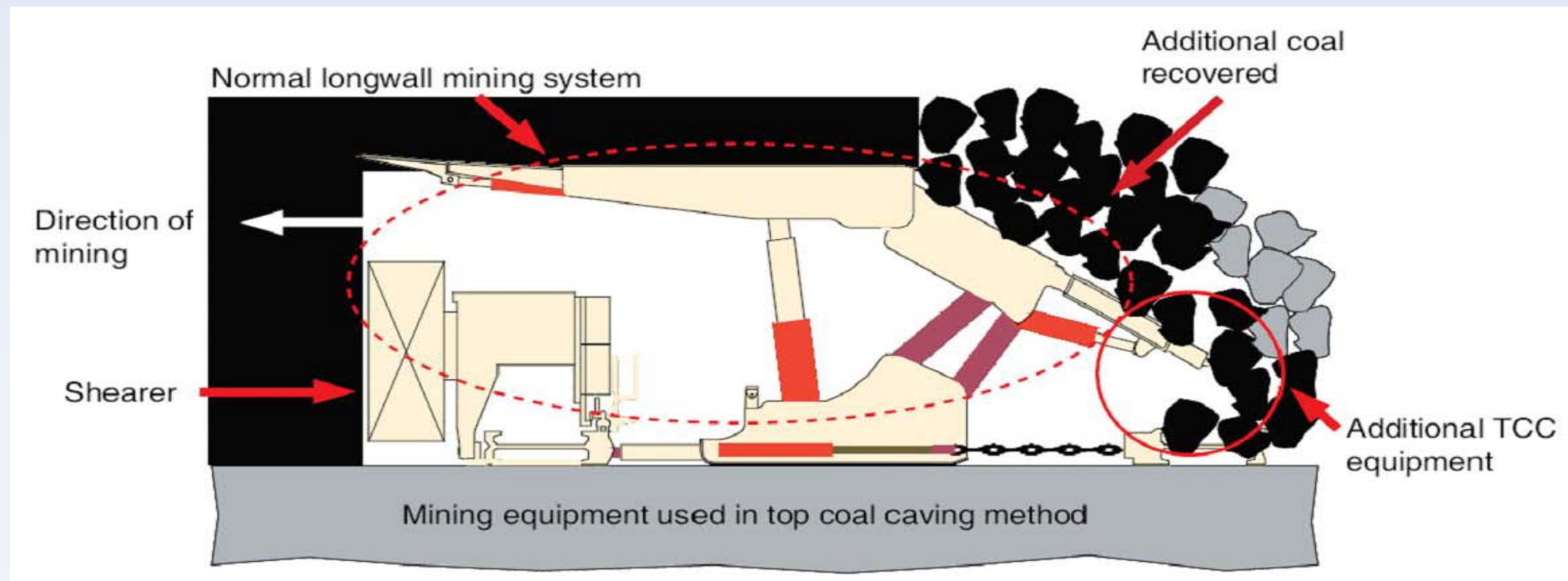


# Narrabri Stage 2 base plan + options

- ▶ The Narrabri Stage 2 base plan is for longwall mining in the bottom 4.2 metre section of the ~9 metre Hoskinsons seam
- ▶ This section of the seam is cleanest, requiring a simple jig processing plant to produce >95% yield of 9-10% ash product coal
- ▶ The 4.2 metre height is also well suited to conventional longwall technology
- ▶ The thick, consistent seam indicates good conditions for high productivity longwall operations with 6 Mtpa expected
- ▶ However, this mining method will leave up to 50% of the available coal behind
- ▶ WHC is assessing the viability of utilising top coal caving (TCC), a longwall method designed in China for extracting thick seams and now proven in Australian conditions at Yangzhou's Austar mine in the Hunter Valley
- ▶ The Narrabri longwall ordered from Bucyrus in September is designed to allow TCC equipment to be retro-fitted
- ▶ Narrabri longwall and coal clearance system would have a capacity of up to ~9.5 Mtpa with TCC fitted
- ▶ Because of the high value of PCI coal relative to thermal in recent years, WHC has also been evaluating the potential to produce PCI coal from Narrabri, from both the base 4.2 metre mining plan and the TCC mining plan

# Narrabri TCC potential benefits

- ▶ Potential to increase resource recovery by ~300 Mt
- ▶ Potential to increase production from 6 Mtpa to ~9.5 Mtpa with existing LW + TCC retrofit
- ▶ Potential to substantially reduce development CM task
- ▶ Reduced gas and sponcom management and costs
- ▶ But, top section of the seam is higher ash and will require more coal processing
- ▶ More study + mining experience in the seam is necessary before a decision regarding TCC will be made. The earliest time that TCC would be retro-fitted is therefore likely to be during the change from LW block 2 to LW block 3, expected around late 2012





# Narrabri PCI potential



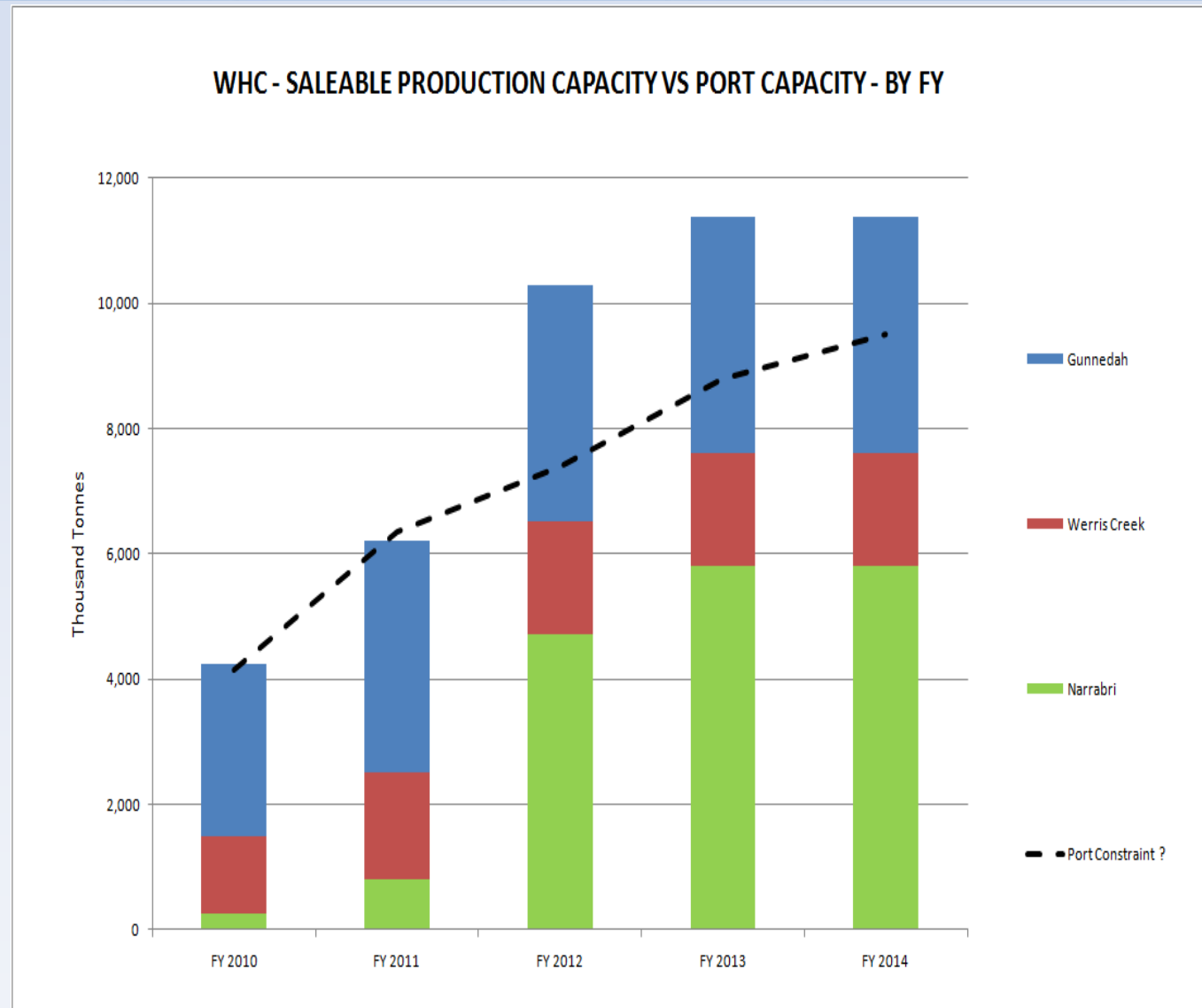
- ▶ Recent coal quality and washability analyses of large diameter bore-cores from Narrabri indicate potential to produce substantial quantities of PCI coal
- ▶ By adding a dense-medium cyclone (DMC) to the planned Stage 2 jig plant, indications are that ROM coal can be processed to yield up to 40% of ~7.5% ash PCI coal and 55% of ~11% ash thermal coal (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, by using a 2 stage DMC & spirals plant, 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%)
- ▶ Further work is in progress to verify these processing results and to estimate capital and operating costs of the processing plant options

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# Existing low-risk open cut production base with substantial growth from Narrabri project



- ▶ Four OC mines producing 4 Mtpa, ramping up to ~5.5 Mtpa in 2010
- ▶ WHC has invested in rail track capacity upgrades to support growth plans
- ▶ Narrabri Stage 1 nearing first production, Stage 2 advancing
- ▶ Growth will be significant, but may be constrained in the medium term by port capacity
- ▶ 11% ownership of NCIG an important asset
- ▶ Total production capacity for Whitehaven could be up to ~11.5 Mtpa by FY2013 (~5.5 Mtpa from existing mines and up to ~6 Mtpa from Narrabri)



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

# Rail infrastructure to meet Whitehaven growth



- ▶ Whitehaven (60%) and Idemitsu (40%) have sponsored RIC (north of Werris Creek) and ARTC investment to increase rail track capacity
- ▶ Current track capacity is 6-7 train paths per day to Narrabri
- ▶ 5,400 tonne trains give capacity of 10-12 Mtpa between Whitehaven and Idemitsu.....sufficient to meet short and medium term growth plans
- ▶ ARTC plans to further increase capacity to ~16 Mtpa to meet Whitehaven and Idemitsu requirements beyond 2012
- ▶ Increasing rail capacity beyond 16 Mtpa will require additional investment:
  - Rail capacity can be increased substantially by a new alignment either across or through (i.e. tunnel) the Liverpool Range, by additional passing loops and by targeted upgrades to bridges, culverts and crossings
  - Such development capex will be shared by other major producers in the area e.g. Caroon (BHP), Watermark (Shenhua), Maules Creek (Rio/Aston)

Note 1: Capacity based on current payloads of 3,300 tonnes per train

# Port infrastructure to meet Whitehaven growth



## ► Existing PWCS Terminal

- Ongoing capacity constraints at PWCS
- PWCS has expansion plans to 145 Mtpa

## ► Newcastle Coal Infrastructure Group (“NCIG”)

- Whitehaven owns 11% of NCIG....Stage 1 due to be commissioned in Q1 2010, in line with first Narrabri production
- Stage 1 capacity of 30 Mtpa available to NCIG members pro-rata to shareholding
- Stage 2 capacity of a further 36 Mtpa expected to become available in Q3 2012, of which 12 Mtpa to be made available to non-NCIG shippers

## ► Producer Agreement for port access

- Implementation Memorandum between Newcastle Ports Corporation (NPC), PWCS and NCIG agreed and approved by ACCC
- This provides Whitehaven with 3.6 Mtpa from PWCS, 3.3 Mtpa from NCIG Stage 1 and 2.7 Mtpa from NCIG Stage 2.....a total of 9.6 Mtpa
- Whitehaven will have access to additional port capacity from PWCS/T4, following commitment by NCIG to Stage 2



# NCIG status – October 2009



# NCIG status – October 2009





# NCIG status – October 2009





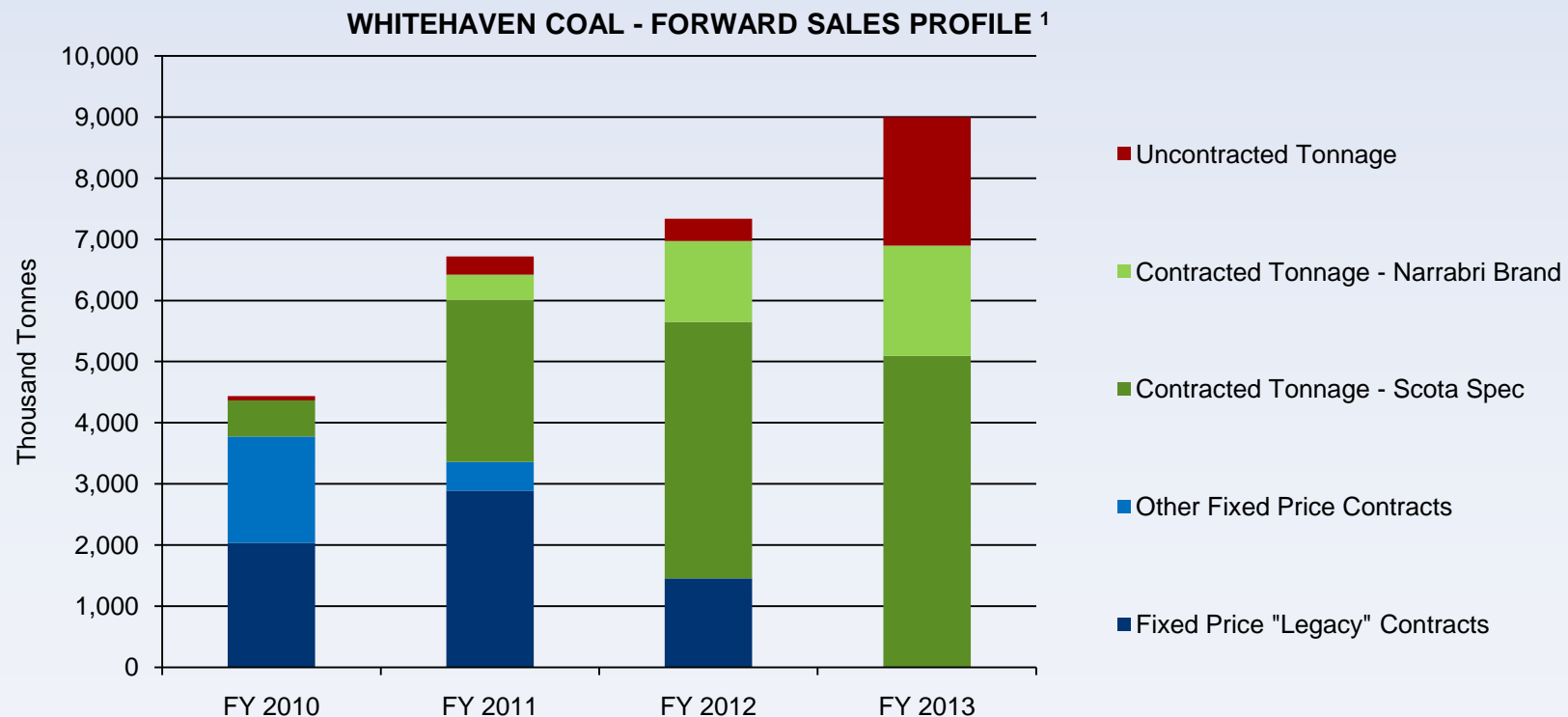
# NCIG status – October 2009



# Managing production & infrastructure risks



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



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

# Fixed price contract status



- ▶ “Legacy” thermal coal contracts of 6.85 Mt remain over next 3 years, average price US\$69.25/t
- ▶ Otherwise, US\$ coal prices are currently only fixed for the short term
- ▶ Approximately 96% of FY 2010 fixed price sales are covered by FX contracts at ~0.74 A\$/US\$
- ▶ Approximately 53% of FY 2011 and FY 2012 fixed price contracts are covered by FX contracts at ~0.785 A\$/US\$

	FY 2010		FY 2011		FY 2012		TOTAL	
	000 t	US\$/t	000 t	US\$/t	000 t	US\$/t	000 t	US\$/t
Legacy Contracts	2,038	67.02	3,359	68.79	1,454	73.42	6,850	69.25
Other Fixed Price Contracts	2,137	82.50	-	-	-	-	2,137	82.50
Total Fixed Price Contracts	4,175	74.94	3,359	68.79	1,454	73.42	8,987	72.40



# Near and medium term objectives

- ▶ **Grow earnings and dividends per share, maintain financial stability and create shareholder value**
- ▶ **Continue to manage existing OC operations efficiently & deliver expansion to 5.5 Mtpa**
- ▶ **Deliver Narrabri Stage 1 & Stage 2 on time and budget**
- ▶ **Active exploration within Gunnedah lease/EL areas to further increase coal resources and reserves**
- ▶ **Look for sensible “bolt-on” acquisitions, developments & consolidation opportunities**



# **Whitehaven Coal Limited**

## **Delivering Growth**

### **Annual General Meeting**

#### **November 17<sup>th</sup> 2009**

