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# Whitehaven Coal Limited

ANNUAL GENERAL MEETING 2015

SYDNEY, AUSTRALIA  
30 OCTOBER 2015



**WHITEHAVEN COAL**

# Disclosure

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.

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ALL DOLLARS IN THE PRESENTATION ARE AUSTRALIAN DOLLARS UNLESS OTHERWISE NOTED.

## Competent Persons Statement

Information in this report that relates to Coal Resources and Coal Reserves is based on and accurately reflects reports prepared by the Competent Person named beside the respective information. Mr Greg Jones is a principal consultant with JB Mining Services. Mr Phillip Sides is a senior consultant with JB Mining Services. Mr Mark Dawson is a Geologist with Whitehaven Coal Limited. Mr Ben Thompson is a Geologist with Whitehaven Coal. Mr John Rogis is a Geologist with Whitehaven Coal. Mr Rick Walker is a Geologist with Whitehaven Coal. Mr Graeme Rigg is a full time employee of RungePincokMinarco Ltd. Mr Doug Sillar is a full time employee of RungePincokMinarco Ltd.

Named Competent Persons consent to the inclusion of material in the form and context in which it appears. All Competent Persons named are Members of the Australian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and have the relevant experience in relation to the mineralisation being reported on by them to qualify as Competent Persons as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition).

# Agenda

- Financial and operating performance in FY2015
- Environment and community credentials
- Strategy
- Our growth markets and coal quality
- Whitehaven's growth
- Key priorities for the year ahead

# Our goal



**To become Australia's leading independent coal company**

# Financial and operating performance

# Year of delivery

ACHIEVED ALL TARGETS SET OUT AT THE 2014 AGM



AIMING FOR ONGOING IMPROVEMENT IN  
SAFETY PERFORMANCE AT ALL OPERATIONS



ENSURING MAULES CREEK CONSTRUCTION  
REMAINS AHEAD OF SCHEDULE AND UNDER  
BUDGET



DEVELOPING LONG TERM MARKETS AND  
SALES CONTRACTS FOR ALL MAULES CREEK  
PRODUCTION



RECRUITING AND TRAINING THE  
WORKFORCE TO OPERATE MAULES CREEK



ENGAGING WITH LOCAL ABORIGINAL  
GROUPS TO ACHIEVE OUR EMPLOYMENT  
TARGET



IMPROVING THE PRODUCTION  
PERFORMANCE OF ALL MINES IN THE  
PORTFOLIO



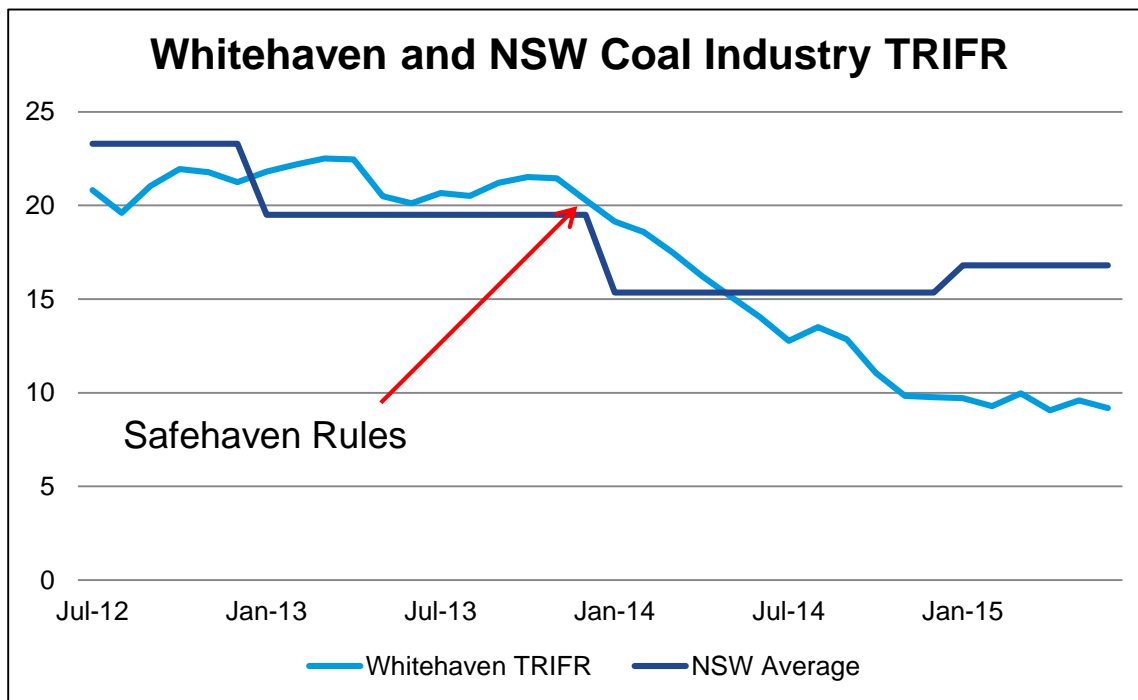
DRIVING EFFICIENCY AND FURTHER COST  
REDUCTIONS ACROSS THE BUSINESS



IMPLEMENTING A LONG TERM FINANCING  
PLAN THAT ALIGNS FUNDING REQUIREMENTS  
AND MINE LIFE

# Safety performance

IMPROVING SAFETY OUTCOMES LEADS TO BETTER OPERATING PERFORMANCE



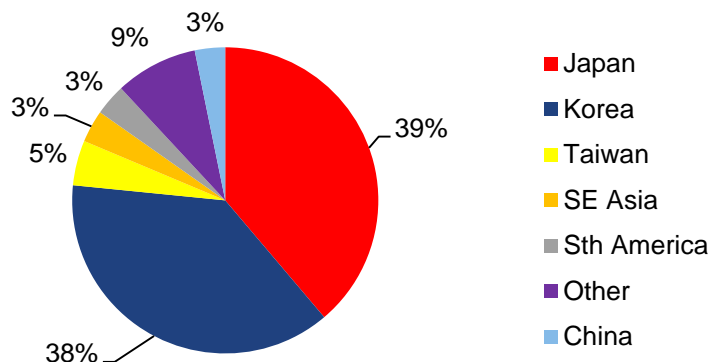
- Introduction of Whitehaven's "Safehaven Rules" in early 2014 is delivering improved safety performance
- The TRIFR fell by 35% in FY2015 to end the year at 9.2 and declined to 8.0 at the end of September YTD
- Whitehaven's TRIFR is significantly below the NSW average of 16.8

Note: Data includes Whitehaven employees and contractors at all mine sites, Gunnedah CHPP and corporate office. TRIFR refers to total recordable injury frequency rate

# Coal sales in FY2015

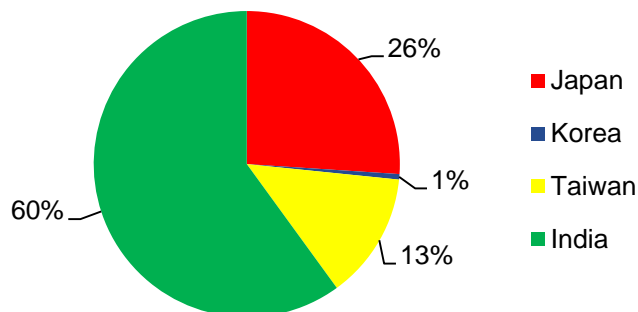
## STRATEGICALLY ALIGNED TO PREMIUM PAN-ASIAN MARKETS

### Thermal Coal Sales



- Over 82% of thermal coal sold into premium Asian markets
- Sales mix 84% thermal and 16% metallurgical coal for FY2015
- Overall thermal coal quality improves as production from Maules Creek increases

### Metallurgical Coal Sales



- Penetrating markets in ASEAN countries
- Japan, Korea and India targeted growth markets for metallurgical coal in the future
- Sales mix improves as higher margin metallurgical coal product rises from about 20% to over 35% of sales as Maules Creek ramps to full production



# Financial summary

## PROFITABLE IN THE SECOND HALF EXCLUDING SIGNIFICANT ITEMS

Financial Performance - A\$ millions	H2 FY2015	H1 FY2015	FY2015	FY2014
Revenue	391.5	371.8	763.3	755.4
Operating EBITDA before significant items	78.2	52.1	130.3	90.4
<b>Net profit / (loss) after tax, before significant items</b>	<b>1.7</b>	<b>(12.4)</b>	<b>(10.7)</b>	<b>(28.4)</b>
Net loss	(264.8)	(77.9)	(342.7)	(38.4)
Net Debt	935.8	887.4	935.8	685.2
Operating Performance - 000's t				
ROM Coal Production	7,748	4,457	12,205	9,177
Saleable Coal Production	6,826	4,429	11,255	8,161
Sales of Produced Coal	6,146	4,713	10,859	8,215
Sales of Purchased Coal	-	-	-	511
Total Coal Sales	6,146	4,713	10,859	8,726

Note: Coal sales from Maules Creek are included in the production and sales statistics for FY2015 but are not included in the financials as the mine was not declared commercial until 1 July 2015

# Significant items

## NON CASH IMPACT ON THE RESULT

**There are three major non-cash significant items included in the full year results**

- **MRRT de-recognition \$90.7m pre tax**
  - The impairment was taken with the first half results following the enactment of legislation by the Australian Government to repeal the MRRT
- **Write-off of finance facility upfront costs \$23.1m pre-tax**
- **Impairment charge of \$355m pre tax on several early stage exploration assets**
  - Coal exploration tenement valuations have declined in the current coal price environment
  - In the current market, capital allocation has focussed on project development rather than exploration
  - Lower quality coal from certain assets more suited to the Chinese market
  - Development time line has extended
  - None of the projects are in Whitehaven's current development pipeline

# Balance sheet at year end

CONSERVATIVELY GEARED WITH PATHWAY TO DELEVER

	30 Jun 2015 \$'m	30 Jun 2014 \$'m
Cash on hand	102.4	103.2
Senior secured bank facilities	900.0	625.0
ECA and finance leases	138.2	163.4
Total interest bearing liabilities	1,038.2	788.4
Net debt	935.8	685.2
Net assets	2,865.0	3,206.5
Gearing ratio	25%	18%

- The new \$1.4 billion finance facility arranged in March comprises a combination of term loan, revolver and guarantee facilities maturing July 2019
- The facility had \$300 million undrawn at 30 June 2015
- Whitehaven expects to commence delevering in FY2016

# Maules Creek construction completed

MINE OPERATING COMMERCIALY FROM 1 JULY 2015

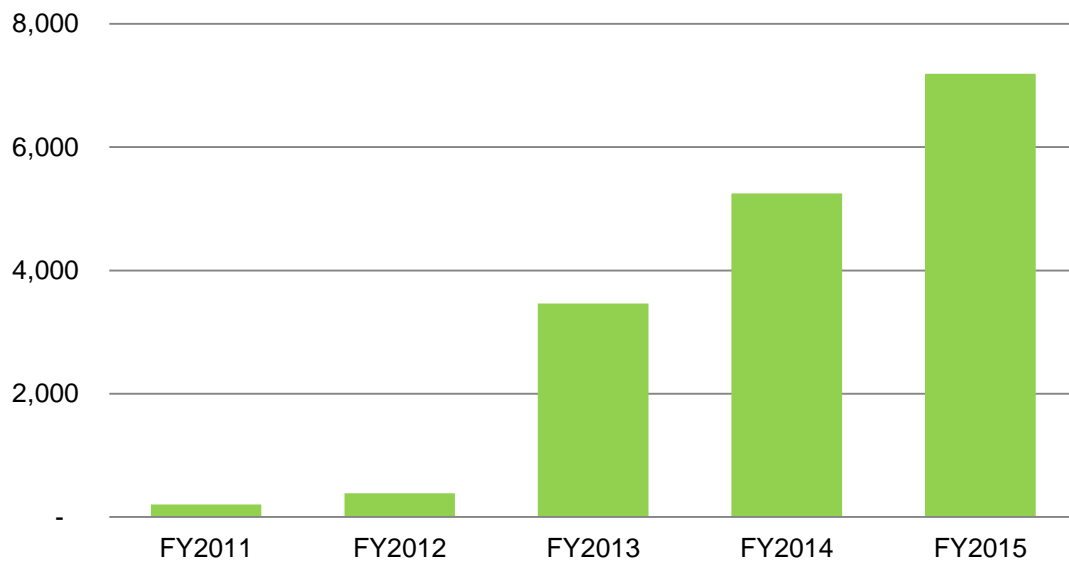


- Construction completed with final project costs to be in the order of \$720m to \$740m
- Operating at 6.0Mtpa increasing to 8.5Mtpa by December 2015
- Costs expected to be <A\$62/t in FY2016
- ROM production guidance for FY2016 of 7.1Mt to 7.3Mt
- Thermal coal sales achieving premium to Newcastle GlobalCOAL index
- Met coal production and sales have commenced in the December quarter

# Narrabri - #1 LW mine in Australia

HIGHLY PRODUCTIVE LOW COST UNDERGROUND MINE WITH MORE GROWTH POTENTIAL

**Narrabri Managed Saleable Coal Production  
(000's t)**



- Record ROM and saleable coal production in FY2015 of 7.7Mt and 7.2Mt respectively
- Record development of 19,800 metres in FY2015 and 6,100 metres in the September quarter ensures longwall continuity
- ROM coal production for FY2016 to range from 6.6Mt to 6.8Mt
- 400 metre wide panels increases production and reduces costs from LW07 in H2 FY2017
- Approval being sought for 11Mtpa production limit

# Environment & community credentials

# Sustainability, environment and people

CORE STRATEGY INTEGRATING HEALTH, SAFETY, ENVIRONMENT SOCIAL AND ECONOMIC CONTRIBUTION

## LOCAL COMMUNITY



**\$214.9M**

SPENT WITH LOCAL  
SUPPLIERS & BUSINESSES

## NSW ECONOMY



**\$129.6M**

PAID ROYALTIES TO  
NSW GOVERNMENT

## DONATIONS/SPONSORSHIP



**\$182K**

SUPPORT TO  
DIFFERENT CAUSES

## EMPLOYEE SATISFACTION



**77%**

EMPLOYEES SATISFIED  
WITH COMPANY AS PLACE  
TO WORK

## LAND



**2.3%**

OWNED LAND USED  
FOR MINING ACTIVITIES

## LAND



**63,000**

HECTARES OF OWNED LAND  
SUSTAINABLY MANAGED

## FARMING



**35,000**

HECTARES OF LAND  
LEASED TO LOCAL  
FARMERS

## BIODIVERSITY



**22,000**

HECTARES OF LAND  
UTILISED FOR  
BIODIVERSITY OFFSETS

# Aboriginal engagement

WHITEHAVEN ENSURING BENEFITS FLOWING FROM OUR OPERATIONS ACCRUE TO THE ENTIRE COMMUNITY IN THE REGION



**8%**

TOTAL WORKFORCE  
SELF-IDENTIFY AS  
ABORIGINAL OR TORRES  
STRAIT ISLANDER



**GOMEROI**

ARTIST RONNIE LONG  
WAS COMMISSIONED TO  
PRODUCE ARTWORKS  
FOR WHITEHAVEN



**\$40,000**

DONATED TO WINANGA-LI  
ABORIGINAL CHILD AND  
FAMILY CENTRE

- Reconciliation Action Plan (RAP) launched in early September
- The development of our RAP is built on our values of : Respect, Integrity, Commitment and Teamwork
- A number of programmes underway can be categorised under: Employment, Education and Training, Health, Cultural Awareness and Understanding
- 15% of employees at Maules Creek are indigenous significantly higher than initial target of 10%



# Strategy – the path ahead

# Strategic framework

HOW WHITEHAVEN WILL MEET ITS GOAL

## STRATEGIC POSITION

### DOMINATE THE GUNNEDAH BASIN

As the historical suppliers of quality coal into the premium Asian markets mines age and move up the cost curve, Whitehaven is uniquely positioned to fulfil the needs of those markets with premium quality coal. Whitehaven is now the dominant player in the only emerging high quality coal basin in Australia.

### SUPERIOR COAL QUALITY

The world supply of high energy, low ash and low sulphur quality coal is constrained. As markets return to supply/demand balance, the relative scarcity of this coal will attract better pricing.

### ALIGNED TO FUTURE REGULATION AND TECHNOLOGICAL INNOVATION

The world wants more energy created with lower emissions. Regulatory change around the world encourages the use of Whitehaven's quality coal. It is in turn driving technological change to reduce emissions that requires our quality coal to meet their needs.

### FOCUSED ON PREMIUM MARKETS

High quality coal ensures we are aligned to the markets that pay a premium price for a premium product. All our markets are growing and as a result, growing their coal consumption.

### 1ST QUARTILE COST CURVE

Whitehaven is positioned in the 1st quartile of the thermal coal cost curve in Australia. This will ensure that Whitehaven remains financially robust through the cycle.

### CRITICAL MASS IN A CONSOLIDATED MARKET

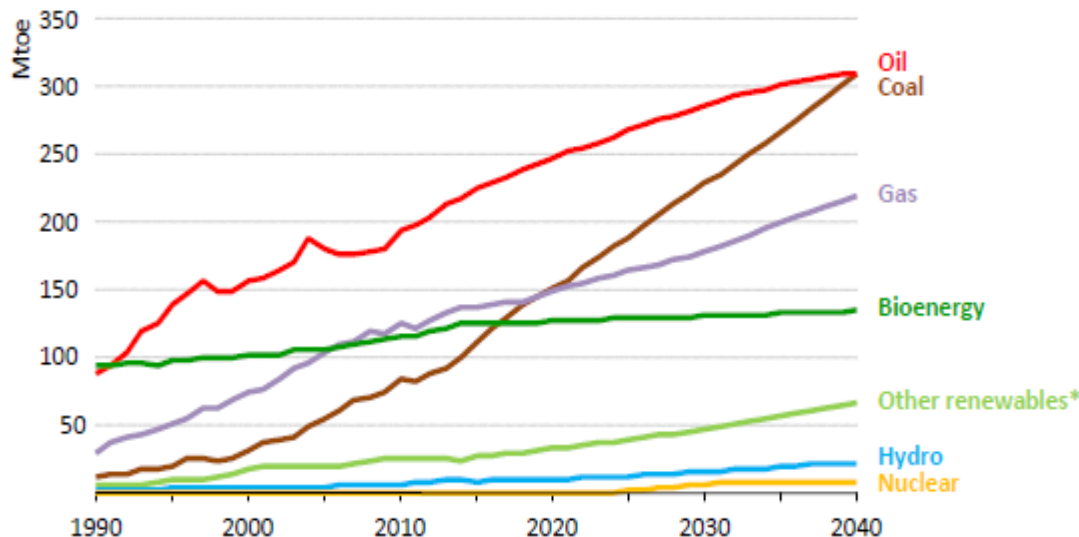
In a consolidated market, Whitehaven's recently achieved scale coupled with our long life mines positions the company as a credible, reliable and importantly independent supplier to our key customers for the long term.

# Growth markets and quality

# SE Asia primary energy demand

COAL'S SHARE OF THE ENERGY MIX WILL EXCEED ALL OTHER SOURCES BY 2040

**Figure 2.3** ▶ Primary energy demand by fuel in Southeast Asia, 1990-2040



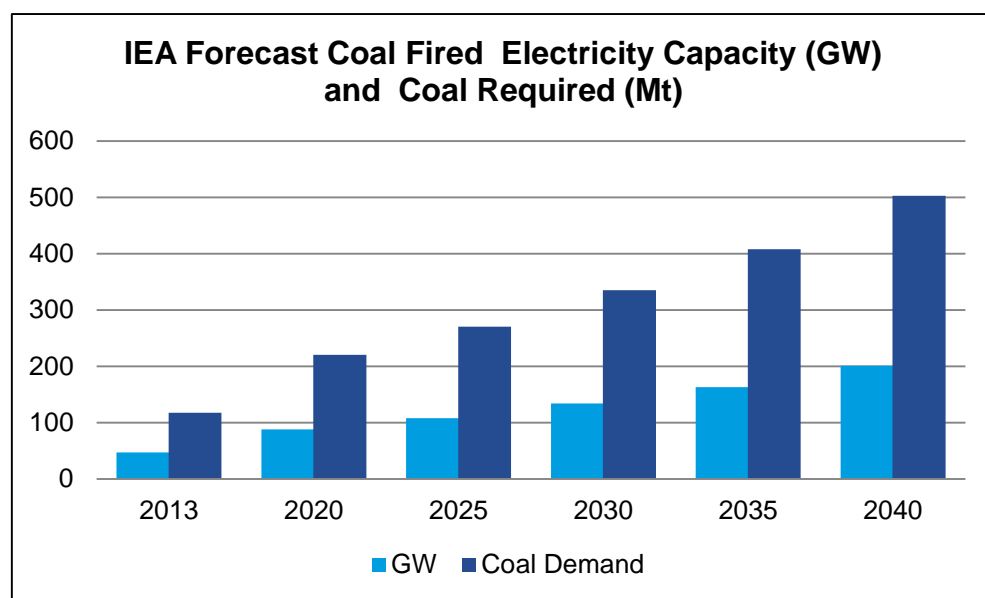
\*Includes solar PV, wind, and geothermal.

- Coal demand more than triples in the period to 2040 growing at 4.6% per year on average
- Coal's lower price relative to other fuels and the need to provide electricity to the 120 million people in the region contribute to the strong growth
- By 2040 coal is forecast to provide 29% of the total energy mix

Source: IEA Southeast Asia Energy Outlook 2015

# Growing coal fired generating capacity

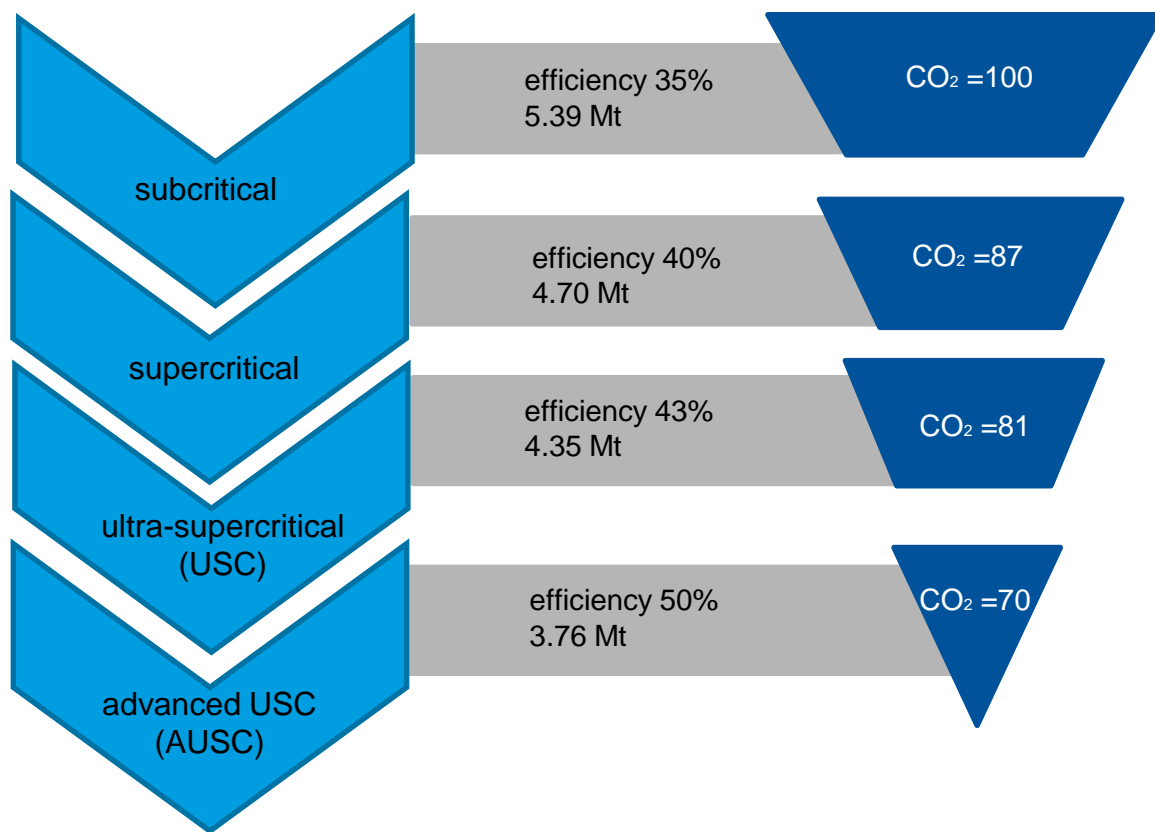
STRONG LONG TERM GROWTH IN SEVERAL SE ASIAN COUNTRIES



Southeast Asian Countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam

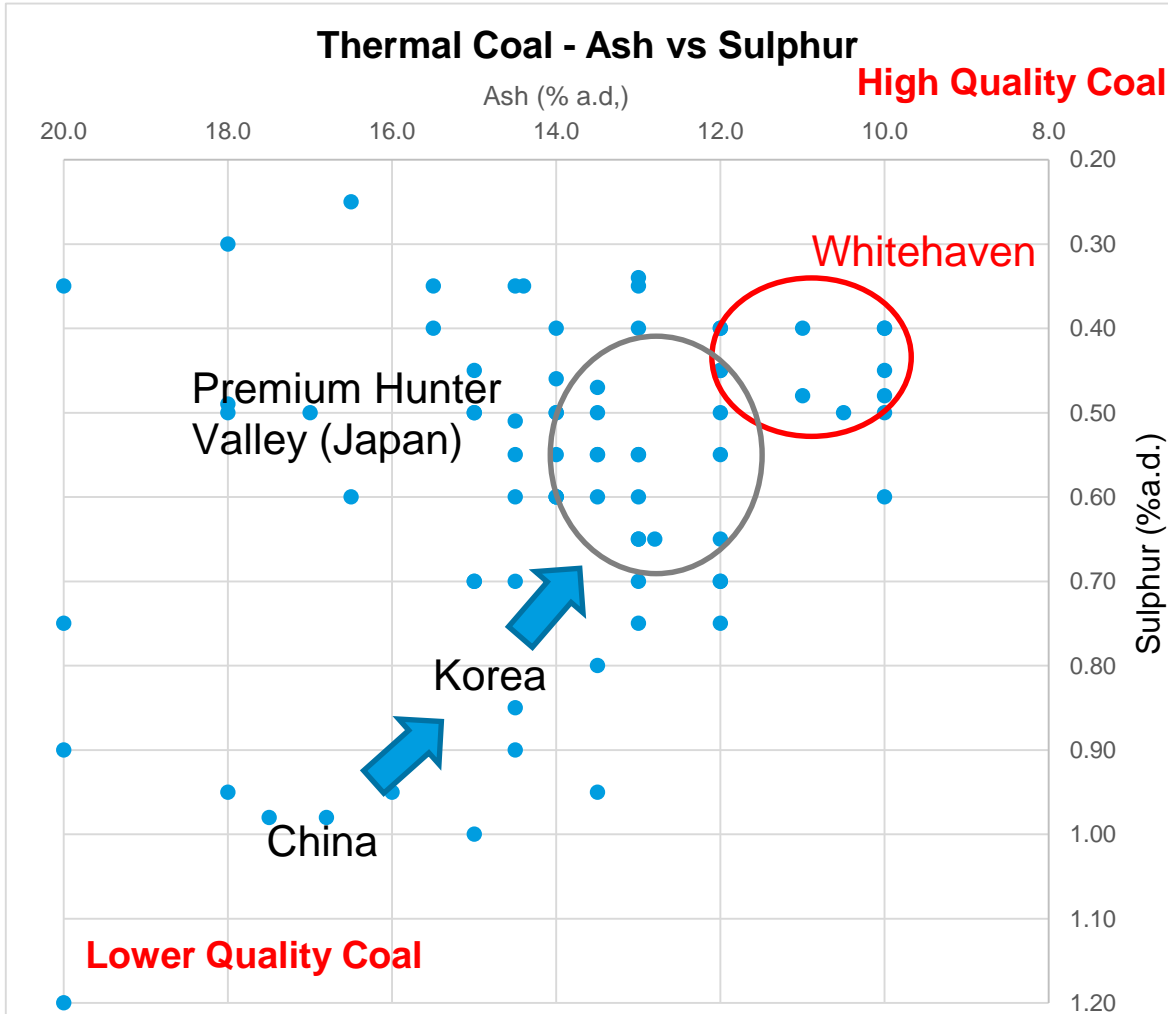
- All Southeast Asian countries are adding electricity generating capacity
- SE Asia is one of the few regions of the world where coal's share of primary energy demand increases over time
- Coal demand in the region is expected to increase by over 400Mtpa by 2040 providing ample opportunity for Whitehaven to increase sales
- Whitehaven is actively targeting Malaysia and Vietnam as growth markets for the high quality Gunnedah basin coals

# High quality coal underpins Asian emission reductions



- Power station efficiency drives carbon emissions
- Utilising USC or AUSC technology reduces emissions by up to 40%
- The technology significantly reduces carbon, NOX, SOX and PM emissions from coal fired generators

# Whitehaven redefining Asian coal quality



- Whitehaven produces some of the highest quality coals sold in the Asian region
- As countries strive to reduce their carbon emissions they use higher quality coals
- Both Japan and Korea have introduced tax policies that further encourage use of higher quality coals

# Case study - Narrabri

IF JAPAN'S COAL FIRED GENERATING EFFICIENCY WAS ADOPTED ELSEWHERE<sup>2</sup>,  
CARBON DIOXIDE EMISSIONS WOULD BE REDUCED BY 1.5BT/Y<sup>1</sup>

- In FY2015, 39% of Whitehaven's thermal coal was sold in Japan, increasing as Maules Creek coal is sold into Japan
- The state of the art Isogo power station uses Narrabri coal and is currently testing Maules Creek coal
- Coal will remain a key fuel source for Japan into the future

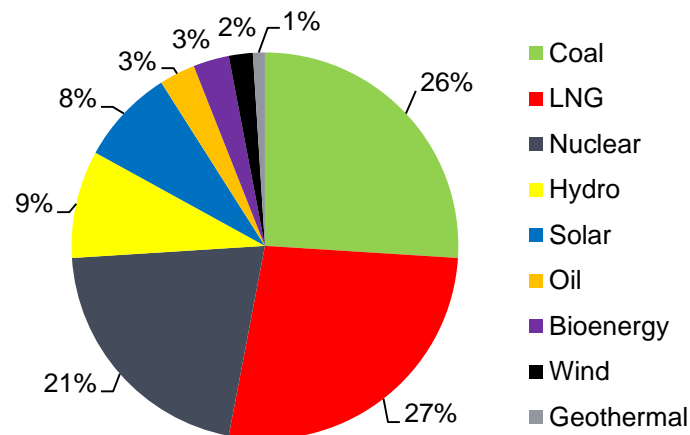
J-POWER'S ISOGO POWER STATION		
	1967	2015
Technology	Subcritical	Ultra Supercritical
Capacity	530MW	1200MW
Efficiency	38%	43%
SOX	60ppm	20ppm
NOX	159ppm	10ppm
PM	50mg/m3	5mg/m3
<b>Carbon Intensity</b>	<b>100</b>	<b>82</b>

Source: J-Power, Japan Government energy and climate policy July 2015 and Coal in the 4<sup>th</sup> Strategic Energy Plan April 2014

<sup>1</sup> The US Greenhouse Gas inventory report advises 2013 US CO<sub>2</sub> emissions of 6.7 billion tonnes

<sup>2</sup> United States of America, China and India

Japan COP21 Target Mix 2030

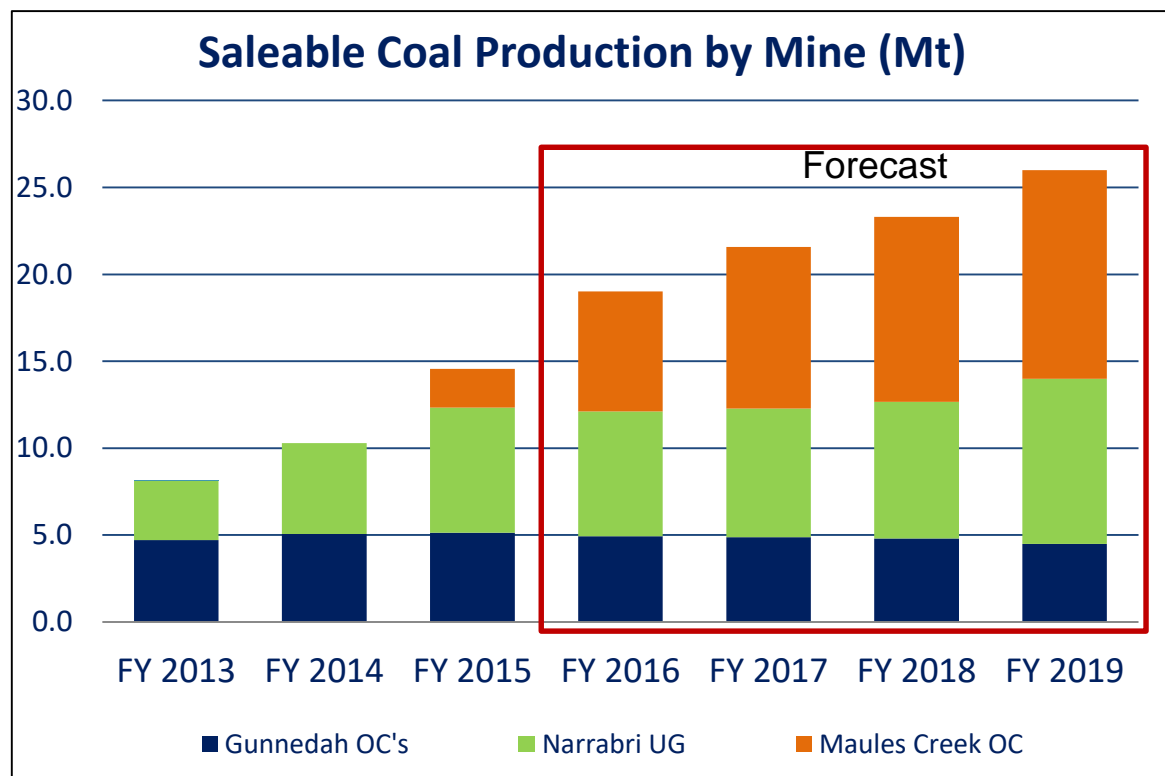




# Production growth

# Capital deployed for growth path

## ONGOING GROWTH FROM LOW COST HIGH MARGIN COAL



- Strong production growth to continue as Maules Creek ramps up to full production in FY2019
- Saleable coal production for FY2016 likely to be in the range of 18.9Mt to 19.4Mt (100% basis)
- The approved Vickery project provides another growth option beyond Maules Creek

Note 1: Graph depicts saleable coal on a 100% basis including coal destined for domestic and export sales and pre-commercial coal production from Maules Creek.

Note 2: The production profile shown in the graph includes coal produced from the Gunnedah open cuts (Werris Creek, Tarrawonga and Rocglen), Narrabri and Maules Creek mines underpinned by the Coal Marketable Reserves. See Slide 321 for full details of the Coal Reserves JORC Table.

# Vickery – Whitehaven's next project

## ANOTHER SIGNIFICANT GROWTH OPTION

**Approval granted by the NSW Government in September 2014 for a 4.5Mtpa open cut mine**

### **Location**

- About 25kms north of Gunnedah

### **Reserves**

- Open cut Reserves of 200Mt

### **Ownership**

- Whitehaven 100%, Seeking to form a JV (may sell up to 30%)

### **Coal Quality**

- Similar to Maules Creek – SSCC, PCI and High CV thermal coal (60% met and 40% thermal)

### **Project Development**

- Open cut with long life, commenced process to increase the approved production limit to 8.0Mtpa with documentation to be lodged in the next year

### **Startup**

- Can be started at any time but scheduled after Maules Creek is fully ramped

Note: Refer to Competent Person Statement on Slide 2 and to detailed Coal Reserves table on Slide 321 of this presentation

# Key priorities for FY2016

- Continue to improve safety performance
- Return company to profitability
- Take more costs out of the business
- Add cash to the balance sheet and begin deleveraging the company

## How priorities will be achieved

- Continue ramp up of Maules Creek and optimise Narrabri for 400m face
- Expand coal sales into the premium markets - Japan, Korea, Taiwan and India
- Drive further cost reductions and capex spend across the entire company
- Progress Vickery project expansion approval to increase production capacity

SR 17 Narrabri 35

17 Maules Ck SR 11 Boggabri 18

**THANK YOU**

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



**WHITEHAVEN COAL**

# Appendices

# Reserves

WHITEHAVEN COAL LIMITED - COAL RESERVES - AUGUST 2015									
Tenement		Recoverable Reserves			Marketable Reserves			Competent Person	Report Date
		Proved	Probable	Total	Proved	Probable	Total		
Vickery Opencut	CL316/EL4699/EL7407	–	200	200	–	178	178	1	Mar-15
Rocglen Opencut	ML1620	3.8	0.9	4.6	2.9	0.7	3.5	1	Mar-15
Tarrawonga Opencut *	EL5967 / ML1579 ML1685 / ML1693	31	10	41	28	9	37	1	Mar-15
Maules Creek Opencut**	CL375/AUTH346	236	145	381	221	128	349	1	Mar-15
Werris Creek Opencut	ML1563/ML1672	14	3	17	14	3	17	1	Mar-15
Narrabri North Underground***	ML1609	51	85	136	48	81	129	2	Mar-15
Narrabri South Underground***	EL6243	–	94	94	–	75	75	2	Mar-15
<b>TOTAL COAL RESERVES</b>		<b>336</b>	<b>538</b>	<b>874</b>	<b>314</b>	<b>475</b>	<b>789</b>		
<p>1. Doug Sillar, 2. Graeme Rigg</p> <p>* Whitehaven owns 70% share of opencut reserves within ML1579, ML1685 and ML1693. The total combined reserve for Tarrawonga Mining Leases (ML1579, 1685 and 1693) and Exploration Licence (EL5967) is reported.</p> <p>** Maules Creek Joint Venture - Whitehaven owns 75% share.</p> <p>*** Narrabri Joint Venture - Whitehaven owns 70% share.</p> <p># The Coal Reserves for active mining areas are current as at report date.</p> <p>## Coal Reserves are quoted as a subset of Coal Resources.</p> <p>### Marketable Reserves are based on geological modeling of the anticipated yield from Recoverable Reserves</p>									

Note: See Competent Person Statement on Slide 2