

FULL YEAR RESULTS FY2021

26 August 2021

FY21 Results, FY22 Guidance and FY21 \$650m asset impairments

SAFETY PERFORMANCE

The safety outcome for the Group for the 12 months ending 30 June 2021 was a total recordable injury frequency rate (TRIFR) of 5.86. The Group TRIFR remains well below the New South Wales (NSW) coal mining average of 13.41.

The Company is committed to achieving zero harm to its people and environment, and management has implemented intervention programs to improve safety and environmental management performance across all operations.

No known cases of COVID-19 at any of our sites to date and operations remain largely unaffected but for distancing and hygiene measures.

FINANCIAL HEADLINES

- Net loss after tax before significant items of \$87.3 million
- EBITDA of \$204.5 million, a decrease of 33%, reflecting the strengthening of the Australian dollar compared to the previous year and the impact of geological challenges at Narrabri on both production and coal quality
- Operating cash flows of \$138.8 million, a decrease of 5%
- Unit costs decreased 1% to A\$74/t, versus pcp of A\$75/t
- Net debt of \$808.5 million as at 30 June 2021
- The Board has determined a final dividend will not be declared as the company is reporting a net loss for FY21

Comments from the MD and CEO Paul Flynn

“FY21 was very much a year of highs and lows both operationally and in terms of factors outside our control.”

“In the reporting period cyclical lows in coal price were replaced with record highs, with the gC NEWC index currently trading around of USD\$170 per tonne.”

“While we had our hands full putting the more difficult geological conditions at Narrabri behind us, we also saw our largest production asset, Maules Creek, achieve record annual ROM production of 12.7Mt.

“Amid contending with port and logistics disruption, COVID-19 and other challenges, the team has done a great job containing costs and navigating highly dynamic market conditions.

“Today, the outlook is better than we have seen for some time, with the strong price environment putting us on an accelerated timeline to de-leveraging the balance sheet and returning cash to shareholders.

“We’re optimistic about the continuing demand for our high-quality product in a more carbon conscious world and pleased to be able to expand on this in our Sustainability Report 2021, which we are releasing today.”

Results summary	FY21	FY20
Revenue (\$m)	1,557.0	1,721.6
EBITDA (\$m)	204.5	306.0
Net (loss)/profit after tax before significant items (\$m)	(87.3)	30.0
Significant item – impairment of assets after tax	(456.6)	-
Net (loss)/profit after tax	(543.9)	30.0
Cash generated from operations (\$m)	169.5	189.9
Unit cost per tonne (\$/t)	74	75
	30 June 2021	30 Jun 2020
Net debt (\$m)	808.5	787.5
Gearing (%)	23%	20%

In FY21, Whitehaven recognised significant expenses totalling \$650 million, post-tax \$456.6 million, relating to asset impairments, which were allocated to the following:

- Narrabri (\$548.7 million), post-tax (\$384.1 million) – This charge reflects the reduction in the JORC coal reserves for the current Narrabri mining lease, arising out of an optimisation plan which has been developed to focus on the production of higher quality coal over the balance of mine life,
- Werris Creek (\$90.2 million), post-tax (\$64.7 million)
After the adoption of conservative price assumptions considering uncertainties in coal markets.
- Rail intangible (\$11.1 million), post-tax (\$7.8 million)

OPERATING HEADLINES

Equity ROM coal production for FY21 was 16.5Mt, in line with pcp, with Maules Creek record annual production offsetting reduced Narrabri production due to geological challenges encountered in Q2 FY21.

Equity coal sales, including purchased coal, were 16.4Mt, 3% below pcp, reflecting the decrease in purchased coal.

Equity metallurgical coal sales were 15% of total FY21 own coal sales, compared to 17% pcp.

Consolidated Equity Production and Sales

Whitehaven total (000t)	FY21	FY20	% change
ROM coal production	16,476	16,632	(1%)
Saleable coal production	13,692	14,841	(8%)
Sales of produced coal	14,425	14,511	(1%)
Sales of purchased coal	2,007	2,376	(16%)
Total coal sales	16,432	16,887	(3%)
Coal stocks at period end	2,704	3,074	(12%)

Note: Tonnages in the above table include the discontinued Sunnyside and Rocglen mines that have both transitioned into rehabilitation

CORPORATE HEADLINES

During the year, we reached key milestones on each of our development projects. The Vickery Extension Project received state-based approval and is awaiting Federal approval. The Narrabri Stage 3 Extension Project environmental impact statement (EIS) was submitted to the NSW Department of Planning, Industry and Environment. The EIS has been on public exhibition and we are awaiting the Department's assessment Report. In December, we released the maiden Reserve Statement for our Winchester South Project, our first development in Queensland, and the draft EIS was submitted to the state government for review in June.

FY2022 GUIDANCE

Item		Range	Comments
Managed ROM coal production	Mt	20.0 – 21.5	
Maules Creek	Mt	12.1– 12.5	
Narrabri	Mt	4.3 – 5.0	
Gunnedah O/C	Mt	3.6 – 4.0	
Managed coal sales	Mt	18.0 – 18.6	
Unit cost (excl. royalties)	\$/t	72 – 76	
Sustaining capital	\$m	95 – 115	\$30m - \$35m Fleet overhauls \$35m - \$40m sustaining /productivity \$10m - \$15m Water, environmental and biodiversity \$20m - \$25m Establishing mining precinct in Narrabri southern area
Narrabri mains development	\$m	35 – 40	Development of 200 series mains
Expansion & growth capital			
Operating mine projects	\$m	4 – 8	Maules Creek AHS project
Growth projects	\$m	20 – 30	Winchester South, Vickery expansion and Narrabri Stage 3
Total Capex	\$m	154 - 193	
Other			
Acquisition of EDF consideration	\$m	16	Third of five annual USD11m acquisition instalments

View FY22 Guidance video by visiting <https://whitehavencoal.com.au/fy21-results>

COAL MARKET OUTLOOK

Coal prices across both metallurgical and thermal segments have increased significantly from the lows experienced in mid-2020. The gc NEWC Index has more than tripled from the low of US\$48/t in August 2020, to approximately US\$170/t in August 2021, while the API5 index is approaching its all-time high at ~US\$97/t. Spreads between gc NEWC and API5 indices have exceeded the record high of ~US\$65/t in August 2021. Tendering from Asia-based customers remains active with increasing interest by customers to secure coal for CY22. Similarly, the PLV HCC Index has more than doubled from lows of US\$101/t in December 2020, and lifted other components of the metallurgical coal complex. Semi-Soft coking coal has recovered to US\$152/t however, at this level, sale of high CV thermal coal remains a more attractive option.

Availability of high-CV thermal remains tight due to the strong demand from end users and coal producers / traders for coal blending with lower CV coal. Strong China coal demand, supported by increased economic activity and challenges in expanding domestic China coal production, compounded by China's ban on Australian coal have modified coal flows in the seaborne market and elevated seaborne coal prices to record levels.

On the supply side, there have been numerous disruptions recently. Indonesia has experienced heavy rainfall and equipment availability issues affecting production. Rail and other logistical issues have impacted Russian and South African exports while Colombia has faced industrial action at Cerrejon in addition to the closure of Prodeco. Wildfires have also interrupted supply out of Canada and the USA and Australian supply has experienced weather events and logistics issues such as the outage of the NCIG shiploader.

All high quality, high-CV thermal coal supply remains tight; prices are forecast to remain strong through CY21, CY22 and CY23.

SUSTAINABILITY HEADLINES

For Whitehaven Coal, sustainability is about how good assets and good operational practices combine to create enduring value for our stakeholders. We continue to review our approach to ensure our reporting meets changing stakeholder expectations; to that end, the Sustainability Report 2021 has been informed by the Global Reporting Initiative Standard, the Financial Stability Board's Task Force on Climate-related Financial Disclosures, the AccountAbility AA1000 Principles Standard and the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.

During FY21, how we assess our resilience in a more carbon-constrained world has continued to be an area of keen interest for our stakeholders, and our analysis indicates that we remain resilient under the International Energy Agency's Sustainable Development Scenario. The past year has also seen more scrutiny of corporate behaviour, whether around supply chain responsibility, respect in the workplace, or working with host communities including Traditional Owners. In addition, of course COVID-19 has continued to pose challenges to governments, business and communities, while also reinforcing the vital role of our industry in supporting regional communities through the period of ongoing economic recovery.

These topics, and more, are addressed with the release today of our Sustainability Report 2021 at whitehavencoal.com.au/sustainability-report-2021.

Investor and Analyst briefing webcast/teleconference

Managing Director and Chief Executive Officer, Paul Flynn will host a webcast/teleconference to provide an overview of the FY2021 Results, followed by a Q&A session.

Time: 10:30 AEST (Sydney time)

Date: Thursday, 26 August 2021

Dial in details: Participants can pre-register for the teleconference by copying and pasting the following link into your browser, <https://s1.c-conf.com/diamondpass/10015624-2j6h8s.html>

Please note that registered participants will receive their dial in number upon registration.

Webcast details: Copy and paste the following link into your browser, <https://edge.media-server.com/mmc/p/3ixqr7hn>

This document is authorised for release to the market by the Board of Directors of Whitehaven Coal Limited.

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