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# WHITEHAVEN COAL LIMITED

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AUSTRALIA'S LEADING HIGH QUALITY COAL COMPANY

HALF YEAR RESULTS FY2019

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15 FEBRUARY 2019



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.

THE PRESENTATION OF CERTAIN FINANCIAL INFORMATION MAY NOT BE COMPLIANT WITH FINANCIAL CAPTIONS IN THE PRIMARY FINANCIAL STATEMENTS PREPARED UNDER IFRS. HOWEVER, THE COMPANY CONSIDERS THAT THE PRESENTATION OF SUCH INFORMATION IS APPROPRIATE TO INVESTORS AND NOT MISLEADING AS IT IS ABLE TO BE RECONCILED TO THE FINANCIAL ACCOUNTS WHICH ARE COMPLIANT WITH IFRS REQUIREMENTS.

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. GREG JONES IS A PRINCIPAL CONSULTANT WITH JB MINING SERVICES. PHILLIP SIDES IS A SENIOR CONSULTANT WITH JB MINING SERVICES. BENJAMIN THOMPSON IS A GEOLOGIST WITH WHITEHAVEN COAL. MARK BENSON IS A GEOLOGIST WITH WHITEHAVEN COAL. DOUG SILLAR IS A FULL TIME EMPLOYEE OF RPM ADVISORY SERVICES PTY LTD. SHAUN TAMPLIN IS A FULL TIME EMPLOYEE OF TAMPLIN RESOURCES PTY LTD. MICHAEL BARKER IS A FULL TIME EMPLOYEE OF PALARIS 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 AUSTRALASIAN 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).

## ADDITIONAL INFORMATION

ANY REFERENCES TO RESERVE AND RESOURCE ESTIMATES SHOULD BE READ IN CONJUNCTION WITH THE WHITEHAVEN'S ORE RESERVES AND COAL RESOURCES STATEMENT FOR ITS COAL PROJECTS AT 31 MARCH 2018 AS RELEASED TO THE AUSTRALIAN SECURITIES EXCHANGE ON 9 AUGUST 2018. WHITEHAVEN CONFIRMS IN SUBSEQUENT PUBLIC REPORTS THAT IT IS NOT AWARE OF ANY NEW INFORMATION OR DATA THAT MATERIALLY EFFECTS THE INFORMATION INCLUDED IN THE RELEVANT MARKET ANNOUNCEMENT AND IN THE CASE OF ESTIMATES OF COAL RESOURCES OR ORE RESERVES, THAT ALL MATERIAL ASSUMPTIONS AND TECHNICAL PARAMETERS UNDERPINNING THE ESTIMATES IN THE RELEVANT MARKET ANNOUNCEMENT CONTINUE TO APPLY AND HAVE NOT MATERIALLY CHANGED.

# AGENDA

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- Highlights
- Safety Performance
- Financial Performance
- Operations
- Growth
- Outlook for Coal Use
- Coal Demand Outlook
- Outlook for Whitehaven
- Appendices

# HIGHLIGHTS

## RECORD HALF YEAR PROFIT



TRIFR of 7.6 at 31 December slightly higher than pcp and well below NSW average



Record first half net profit of \$305.8 million up 19% on pcp



Equity coal sales of 8.4Mt including purchased coal



Record EBITDA of \$550.8 million up 12% on pcp



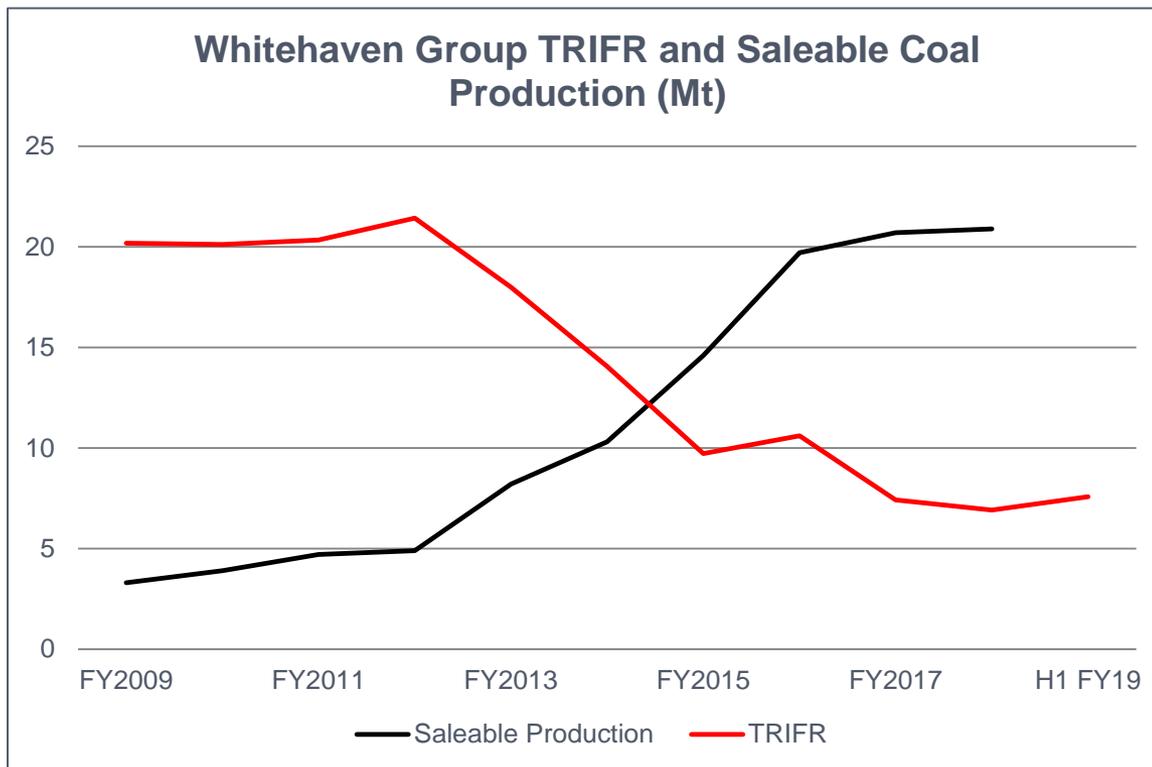
An interim & special dividend totalling \$0.20ps declared



Gearing of 7% at 31 December

# SAFETY PERFORMANCE

## ONGOING FOCUS TO IMPROVE SAFETY OUTCOMES



- Whitehaven recorded a TRIFR of 7.57 at December 2018
- In an effort, to improve there has been a renewed focus on safety across the business
- Work on improving safety outcomes remains a key part of Whitehaven's business

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# FINANCIAL PERFORMANCE

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# HIGHLIGHTS – RECORD H1 RESULT

Profit and loss	H1 FY2019	H1 FY2018*	Comment
Net profit after tax (\$'m)	305.8	256.2	– Up 19% on pcp
Underlying EBITDA before significant items (\$'m)	550.8	493.7	– Up 12% on pcp
Cash generated from operations (\$'m)	463.7	442.6	– Increasing EBITDA flowing through to cash generation
Dividends (cps)	20	13	– Interim dividend of 15 cps and a special dividend of 5cps
Unit cost per tonne (\$/t)	69	57	– Costs increased (see slide 11 for details)
Balance Sheet	31 Dec 2018	30 June 2018	
Net debt (\$'m)**	244	270	– Strong balance sheet
Gearing (%)**	7%	7%	

\* H1FY2018 comparative period has been restated to give effect to IFRS 16 Leases. Refer to appendices for more information.

\*\* Calculated in accordance with the senior facility covenant requirements and therefore excludes IFRS 16 lease liabilities

# HALF YEAR PROFIT & LOSS

HIGHER COAL PRICES AND SALES FLOWING DIRECTLY TO RESULTS

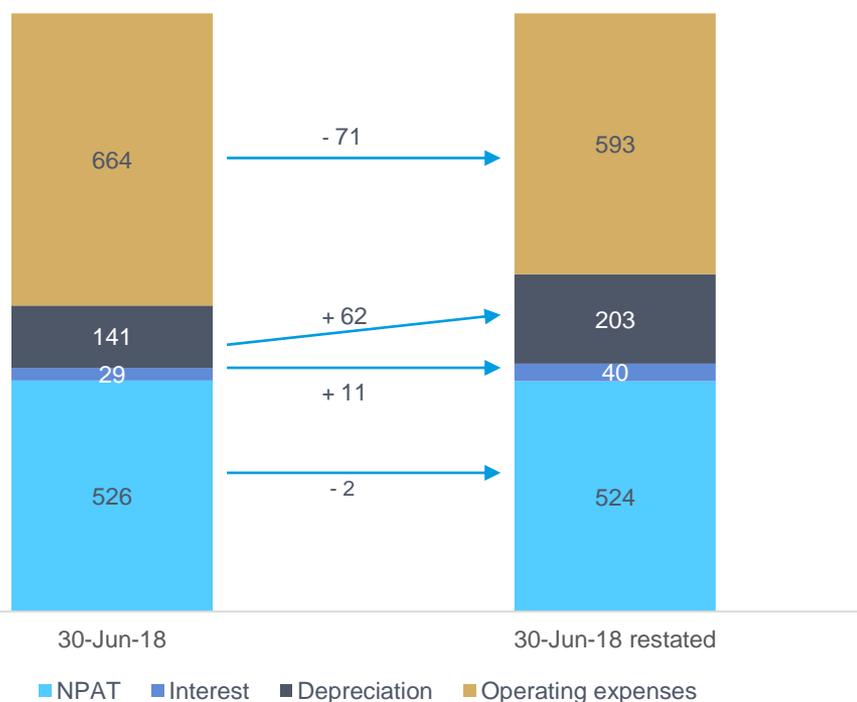
Financial Performance - A\$ millions	H1 FY2019	H1 FY2018*	FY2018*
Revenue	1,270.1	1,146.4	2,257.4
Other income	1.8	3.6	6.8
Operating expenses *	(451.9)	(388.4)	(768.1)
Rail, Port, Marketing and Royalties	(248.9)	(248.1)	(457.2)
Admin and other expenses (including net FX gain/loss)	(20.3)	(19.8)	(27.8)
<b>Underlying EBITDA</b>	<b>550.8</b>	<b>493.7</b>	<b>1,011.1</b>
Depreciation & amortisation *	(96.2)	(101.2)	(203.1)
Net interest expense *	(22.5)	(21.1)	(40.2)
Income tax expense	(126.3)	(115.2)	(234.1)
<b>Net profit after tax</b>	<b>305.8</b>	<b>256.2</b>	<b>524.0</b>
Earnings per share (cents per share - basic)	30.9	25.9	53.0

\* All comparative periods have been restated to give effect to IFRS 16 Leases. Refer to appendices for more information.

# IMPACT OF IFRS 16 RECLASSIFICATIONS

## FY2018 RESTATED TO SHOW THE IMPACT OF IFRS 16 RECLASSIFICATIONS

### Restatement of FY2018 for IFRS 16 (\$'m)



IFRS 16 adopted to:

- Align the Group's operating cost with its peers
- Improve comparability of performance and cost curve position

Adopted for FY2019, the impact is as follows:

- Leases brought onto the balance sheet as an asset and a liability
- Lease payments previously recognised in operating costs now included in depreciation and interest expenses over the lease term
- Overall no change to NPAT
- Refer to slides 41 – 45 for further details

# MARGINS AND COSTS

## STRONG UNDERLYING DEMAND FOR QUALITY COAL DRIVES INCREASED MARGINS

		H1 FY2019	FY2018
Coal Sales (equity basis, excl. purchased coal)	Mt	7.4	16.0
Average revenue (excl. purchased coal & net of royalties)	\$/t	142	121
Average cost of sales*	\$/t	69	58
<b>EBITDA Margin on Coal Sales</b>	<b>\$/t</b>	<b>73</b>	<b>63</b>
EBITDA Margin on Coal Sales	%	51%	52%

- Higher average prices for H1FY2019 compared with FY2018 – achieved prices for thermal coal averaged US\$110/t and metallurgical coal US\$124/t for H1FY2019
- EBITDA margin increased \$10/t or 16% from FY2018, underpinned by strong demand for Whitehaven’s premium quality thermal coal product
- Costs during the half year impacted by Narrabri change-out and production phasing. Inventory costs at 31 Dec 18 are below the average unit cost during the first half. Refer to slide 11 for further details on factors impacting costs during the period

\* The comparative period cost per tonne has been restated to give effect to IFRS 16 Leases  
 Note: Total coal sales of 7.4Mt exclude 0.2Mt of Sunnyside coal sales

# COSTS

## COSTS IMPACTED BY STRATEGIC, STRUCTURAL & SHORT TERM FACTORS IN H1 FY2019

### Strategic and market factors (~ \$3/t)

- Product strategy is focussed on high quality products - impacts washing and product yields (see slide 19)
- Higher oil prices and falling AUD (H1FY2019 cf. FY2018) flowing into higher diesel prices, impacting production and transportation costs

### Structural factors (~\$4/t)

- Increasing depth of cover at Narrabri has impacted roof support intensity, costs and productivity
- Average strip ratio at Tarrawonga and Maules Creek is increasing in line with the natural progression of these mines

### Short and medium term factors (~\$4/t) – expected to moderate

- Longer hauls and increased elevation at Maules Creek as working area continues to be opened up. These impacts to reverse in the medium term with in-pit dumping, cast blasting and with the introduction of autonomous haulage systems
- Unutilised capacity charges caused by purchase of new port capacity and by production phasing during H1 FY2019
- Longwall change-out took place entirely during the Sept-18 quarter, impacting Narrabri's sales volumes and costs

## MODERATION IN COSTS IS EXPECTED IN BOTH THE SHORT AND MEDIUM TERM

# BALANCE SHEET

## BALANCE SHEET IN EXCELLENT SHAPE

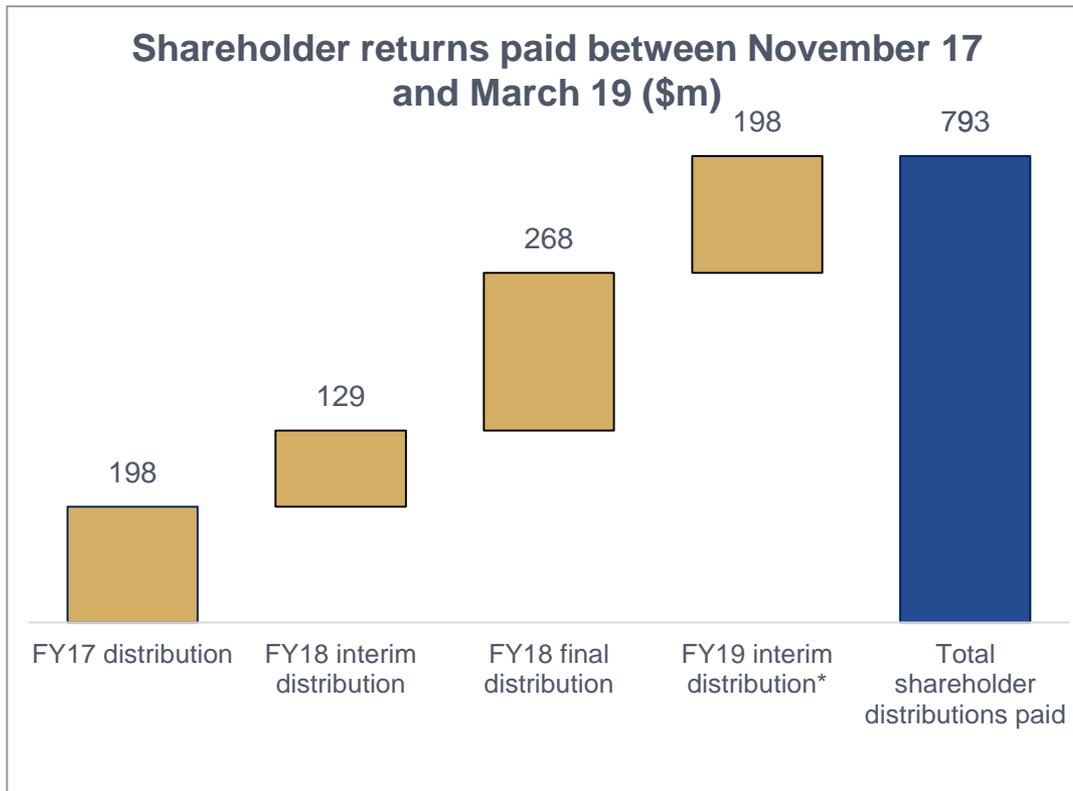
	31 Dec 2018 \$'m	30 June 2018 \$'m
Cash on hand	89.2	111.8
Senior secured bank facility	225.0	275.0
ECA and leases	125.8	126.7
Leases recognised in accordance with IFRS 16	169.0	205.9
Total loans and borrowings*	502.4	588.1
Net debt excluding IFRS 16 lease liabilities	244.2	270.4
Equity	3,503.2	3,482.8
Gearing excluding IFRS 16 lease liabilities	7%	7%

- Strong balance sheet supporting a sustainable capital allocation framework
- The Board has declared an unfranked interim and special dividend totalling \$0.20ps, payable in March 2019
- Senior secured facility being drawn to fund shareholder returns and repaid in the following half year
- Operating leases and other rental arrangements brought onto the balance sheet as per IFRS 16 accounting standards
- Gearing very modest

\* Shown net of capitalised borrowing costs and includes impact of adopting IFRS16

# SHAREHOLDER DISTRIBUTIONS

## STRONG RETURNS TO SHAREHOLDERS



- Shareholders rewarded with surplus cash flow being returned by way of dividends
- Total returns to shareholders of 80 cents per share or ~\$800 million over an 18 month period

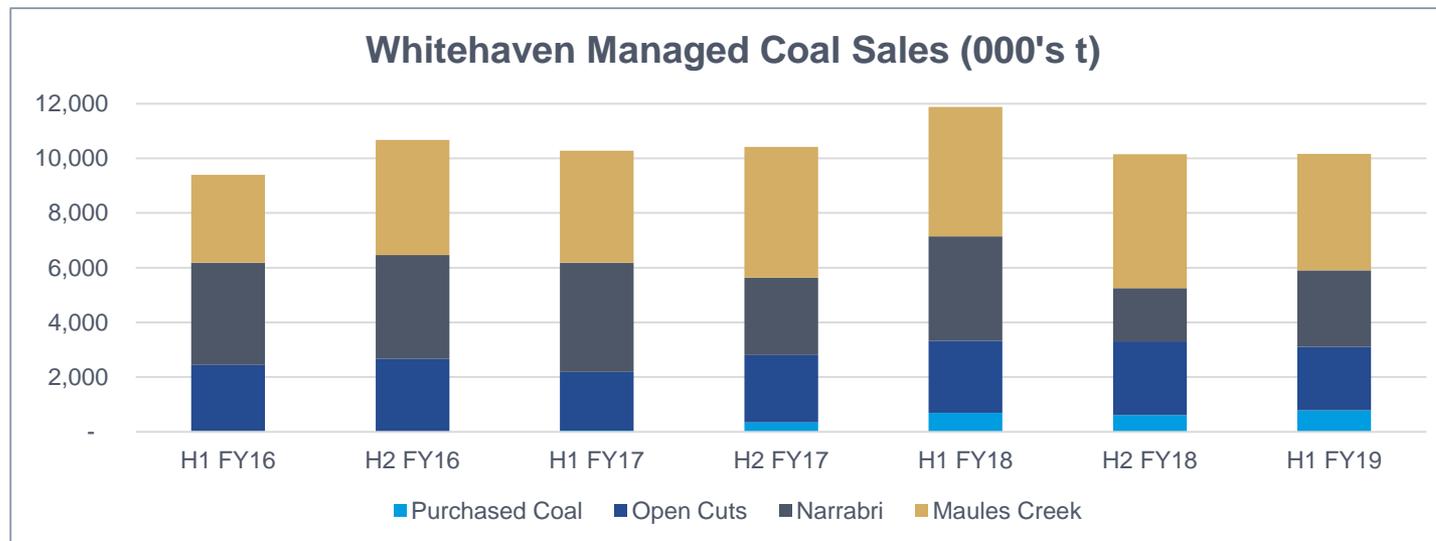
\* To be paid on 6 March 2019

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# OPERATIONS

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# COAL SALES

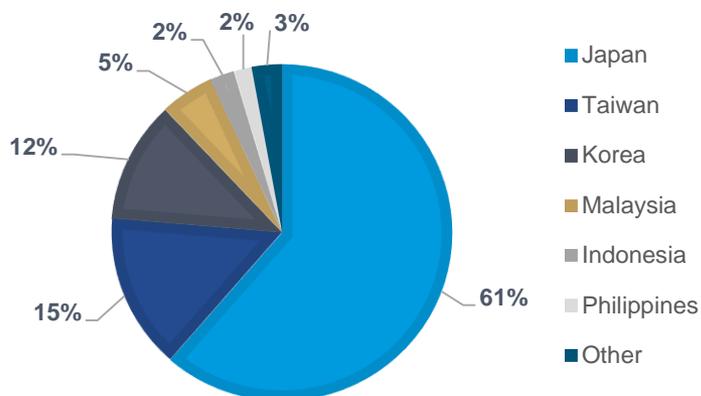


Equity Basis – 000t	H1 FY2019	H1 FY2018	Change
Maules Creek	3,196	3,554	(10%)
Narrabri	1,961	2,674	(27%)
Gunnedah Open Cuts	2,443	2,349	4%
Coal Trading	774	655	18%
<b>Whitehaven Total</b>	<b>8,374</b>	<b>9,232</b>	<b>(9%)</b>

# SALES TO PREMIUM MARKETS

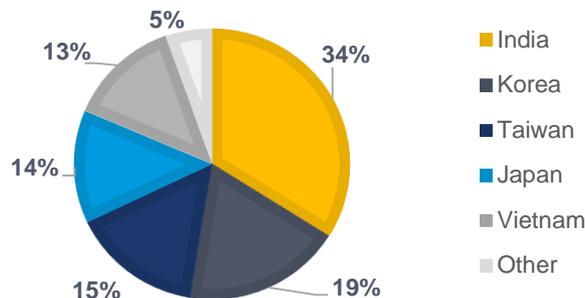
## WHITEHAVEN CONTINUES TO DIVERSIFY ITS SALES TO THE GROWING ASIAN MARKET

### H1 FY2019 THERMAL COAL SALES



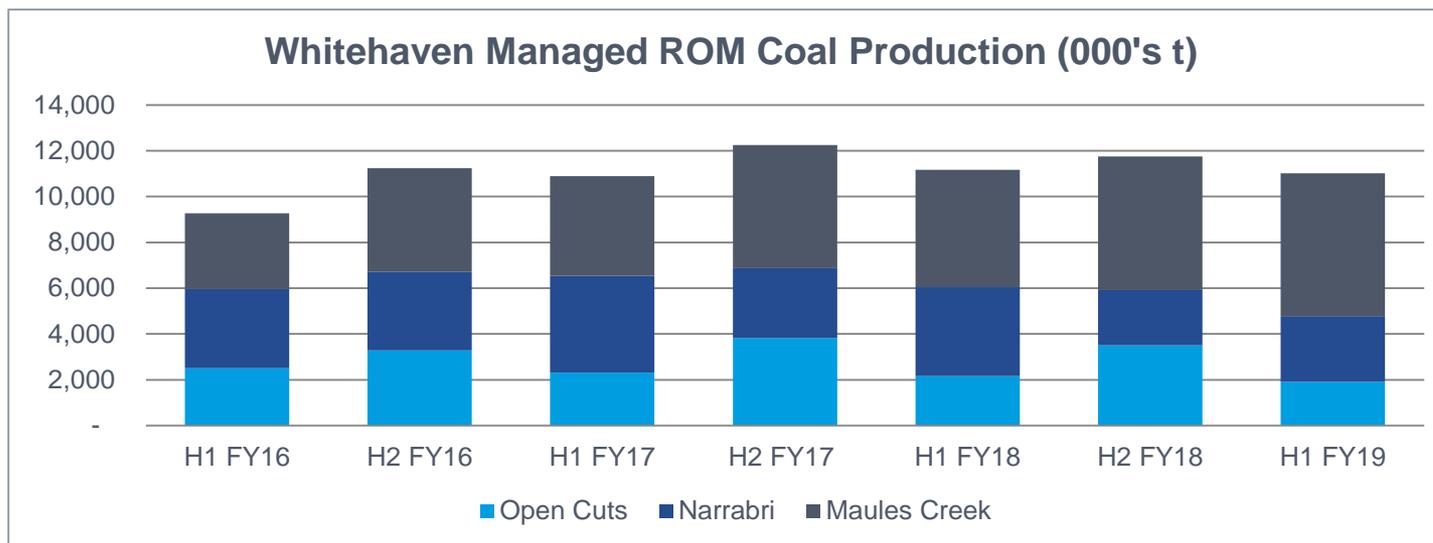
- Managed coal sales of 10.3Mt including purchased coal for the year
- Taiwan's demand for higher quality coal continues to grow as it uses Whitehaven product to reduce carbon emissions
- Sales growing into India, Malaysia, Indonesia, Vietnam and the Philippines as the economies in those countries grow strongly

### H1 FY2019 MET COAL SALES



# ROM COAL PRODUCTION

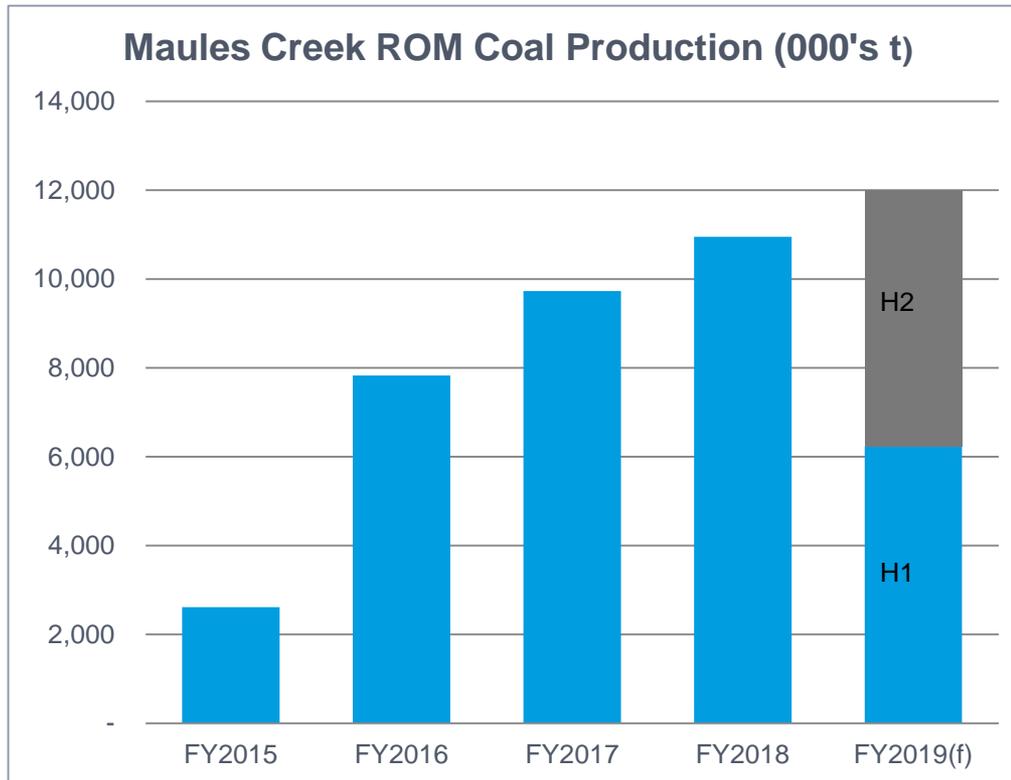
STRONG PRODUCTION FROM MAULES CREEK WHILE H1 FY2019 GOC PRODUCTION TRACKS ITS HISTORICAL PATTERN



Equity Basis – 000t	H1 FY2019	H1 FY2018	Change
Maules Creek	4,670	3,841	22%
Narrabri	2,013	2,715	(26%)
Gunnedah Open Cuts (GOC)	1,907	1,838	4%
<b>Whitehaven Total</b>	<b>8,590</b>	<b>8,394</b>	<b>2%</b>

# MAULES CREEK MINE

## MAULES CREEK PRODUCTION RAMP UP CONTINUES



- Maules Creek produced 6.2Mt ROM coal in the first half and is expected to meet guidance of 11.8Mt to 12.2Mt ROM coal for the full year
- Work continues with Hitachi on the autonomous truck haulage system with initial on-site testing having commenced

# MAULES CREEK HIGH VALUE PRODUCTS

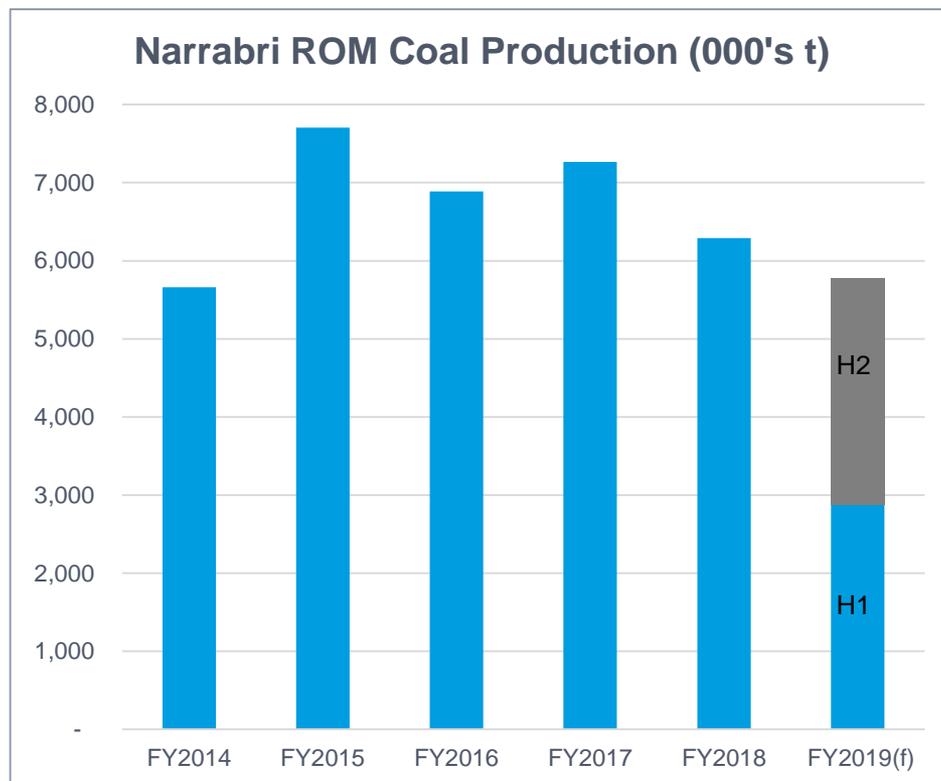
## STRATEGY TO INCREASE PRICING REALISATIONS

### Strategy

- To deliver fewer high quality products from the mine and to capture the full value of the low ash and low sulphur coals produced at Maules Creek
- Three key products to be delivered – a very low ash SSCC, a low ash SSCC and a 10% ash high CV thermal coal
- Split of 50% metallurgical coal and 50% thermal coal
- The low ash SSCC can also be sold into the thermal coal market depending upon price relativities between SSCC and thermal coal at the time of the sale
- The strategy will capture the strong and growing premiums available for low ash and high CV coals
- Total saleable production from Maules Creek will be modestly lower than previous expectations with marginally higher costs, as additional washing and related yield losses are offset by higher price realisations and margins

# NARRABRI MINE

## STRONG PERFORMANCE IN THE DECEMBER QTR AFTER THE SEPTEMBER QTR CHANGEOUT

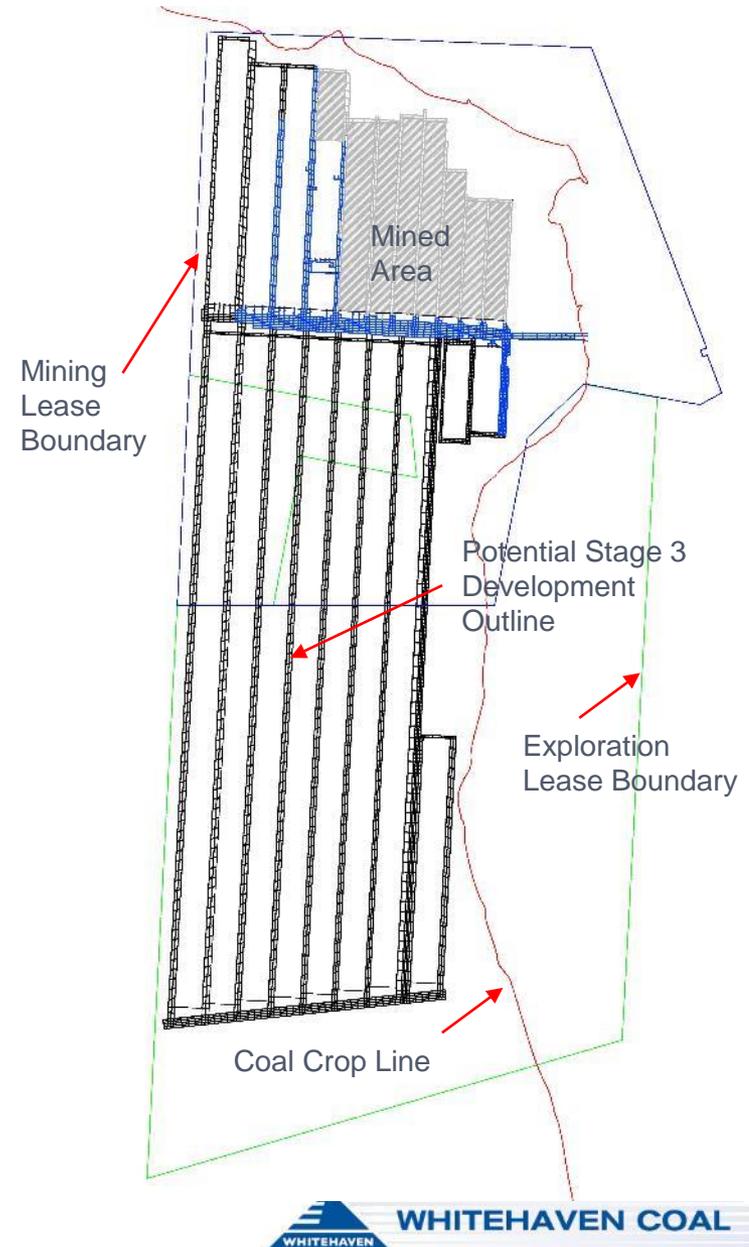


- ROM coal production of 2.9Mt for the first half, with production in the December quarter close to record levels
- Following a number of weighting events which occurred from mid-January and into February, full year ROM coal production guidance has been revised to the range of 5.6Mt to 6.0Mt
- With sufficient longwall float developed, a decision has been taken to stop LW108 at the volcanic intrusion in the panel and move the longwall equipment directly to the next panel LW109
- ROM coal production guidance for FY2020 expected to be in the range of 6.2Mt to 6.6Mt

# NARRABRI STAGE 3

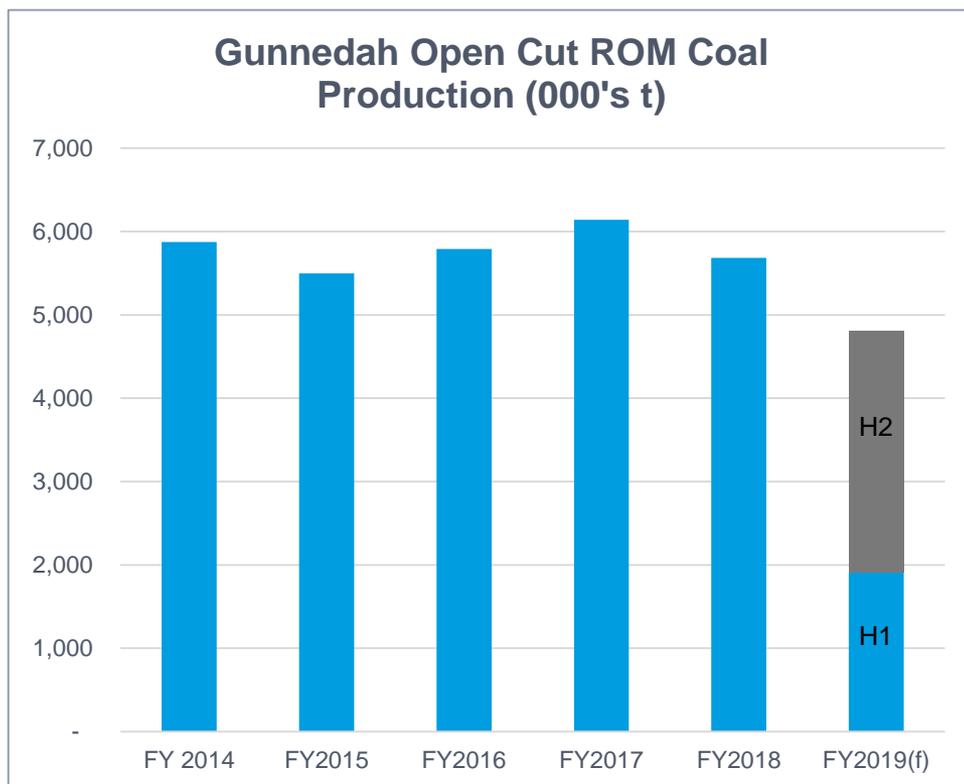
## LONG TERM OPTIONS FOR NARRABRI

- Work has commenced on the process to convert the southern exploration licence at Narrabri into a mining lease
- In the first stage, a Gateway submission has been lodged with the NSW Department of Planning and Environment (DPE) in early February
- A full Environmental Impact Assessment is due to be lodged with the DPE in early CY2020
- Studies are underway in parallel with that application process to refine the options for the expanded mining lease



# GUNNEDAH OPEN CUTS

## TARRAWONGA EXPANSION TO OFFSET ROCGLEN SALEABLE COAL PRODUCTION



- ROM coal production from the three open cuts – Tarrawonga, Rocglen and Werris Creek was 1.7Mt in the first half
- Production at Tarrawonga is being expanded to its fully approved rate of 3.0Mtpa from September 2019 with the arrival of a new mining fleet
- The expansion is expected to partially offset the loss of production when Rocglen ceases commercial production at the end of FY2019

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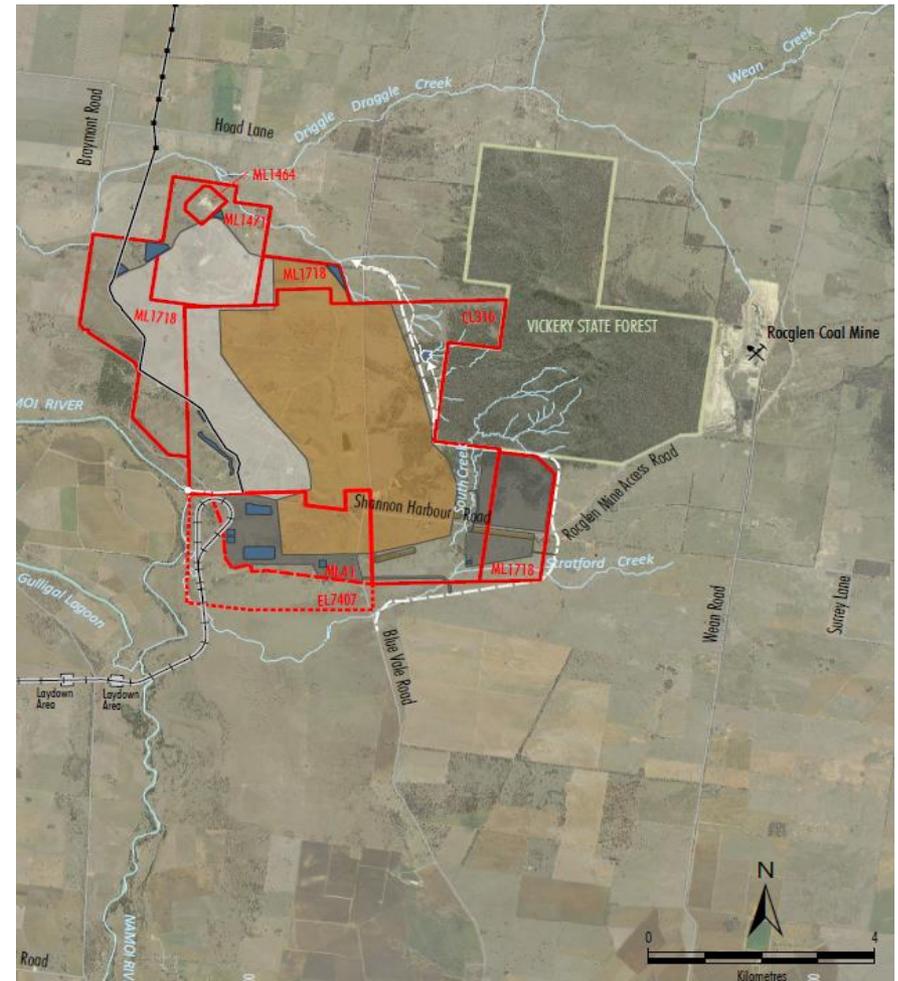
# GROWTH

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# VICKERY EXTENSION PROJECT STATUS

## MOVING THROUGH THE REGULATORY PROCESS

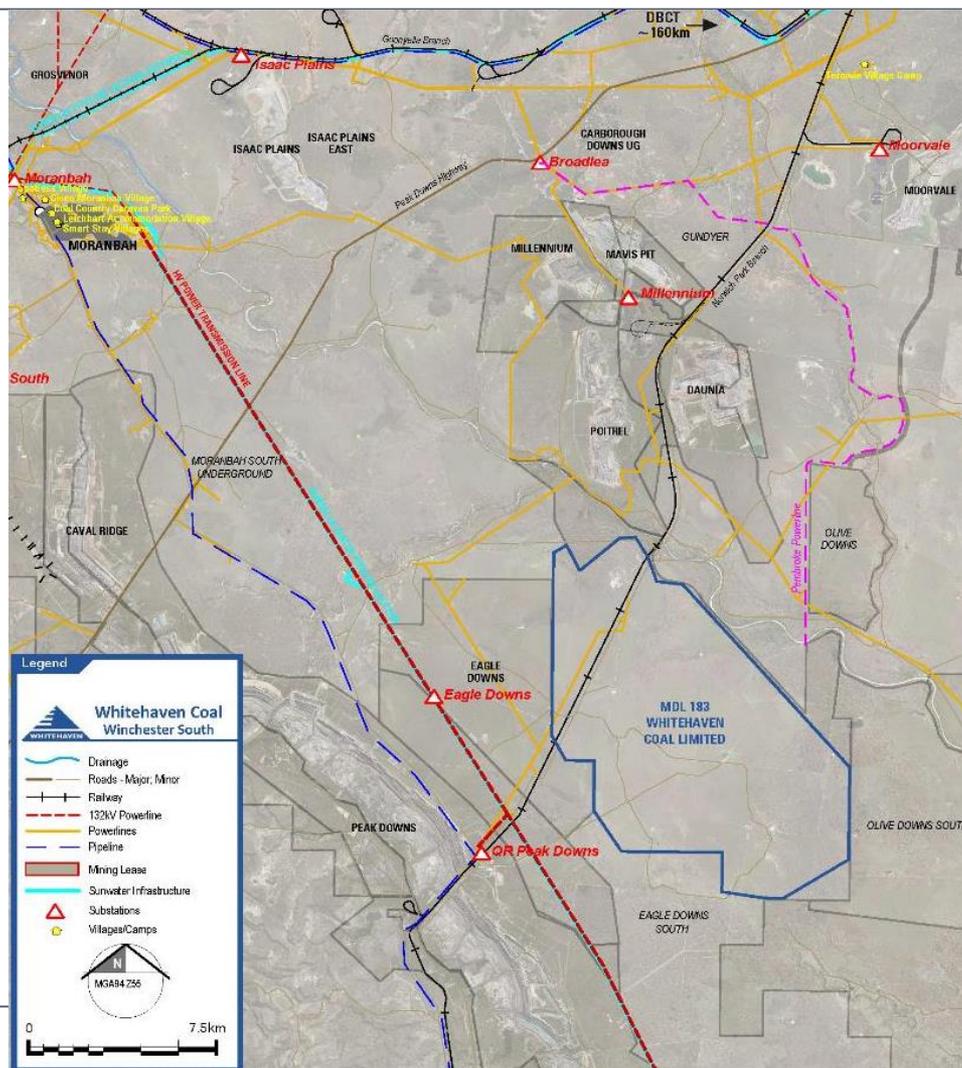
- Public display of EIS completed 25 September 2018
- 63% of 560 submissions were supportive
- Independent Planning Commission (IPC) of three commissioners formed
- Department of Planning and Environment completed Preliminary Issues Report
- First public hearings with the IPC held in early February at Boggabri and Gunnedah
- IPC to issue report after public hearings
- Whitehaven responds to the report
- Project approval targeted for the end of calendar 2019



# WINCHESTER SOUTH

## LOCATED IN A WORLD CLASS MINING PRECINCT

- The Winchester South project is in a world class, established mining precinct surrounded by a number of operating mines with a rail line that passes directly over the Winchester South tenement
- The project's high quality Rangel coal is well understood and highly regarded by the market
- Work is progressing to seek a declaration by the Co-ordinator General for Winchester South to become a Co-ordinated Project
- Preparation of an EIS and other approval requirements for the project are underway

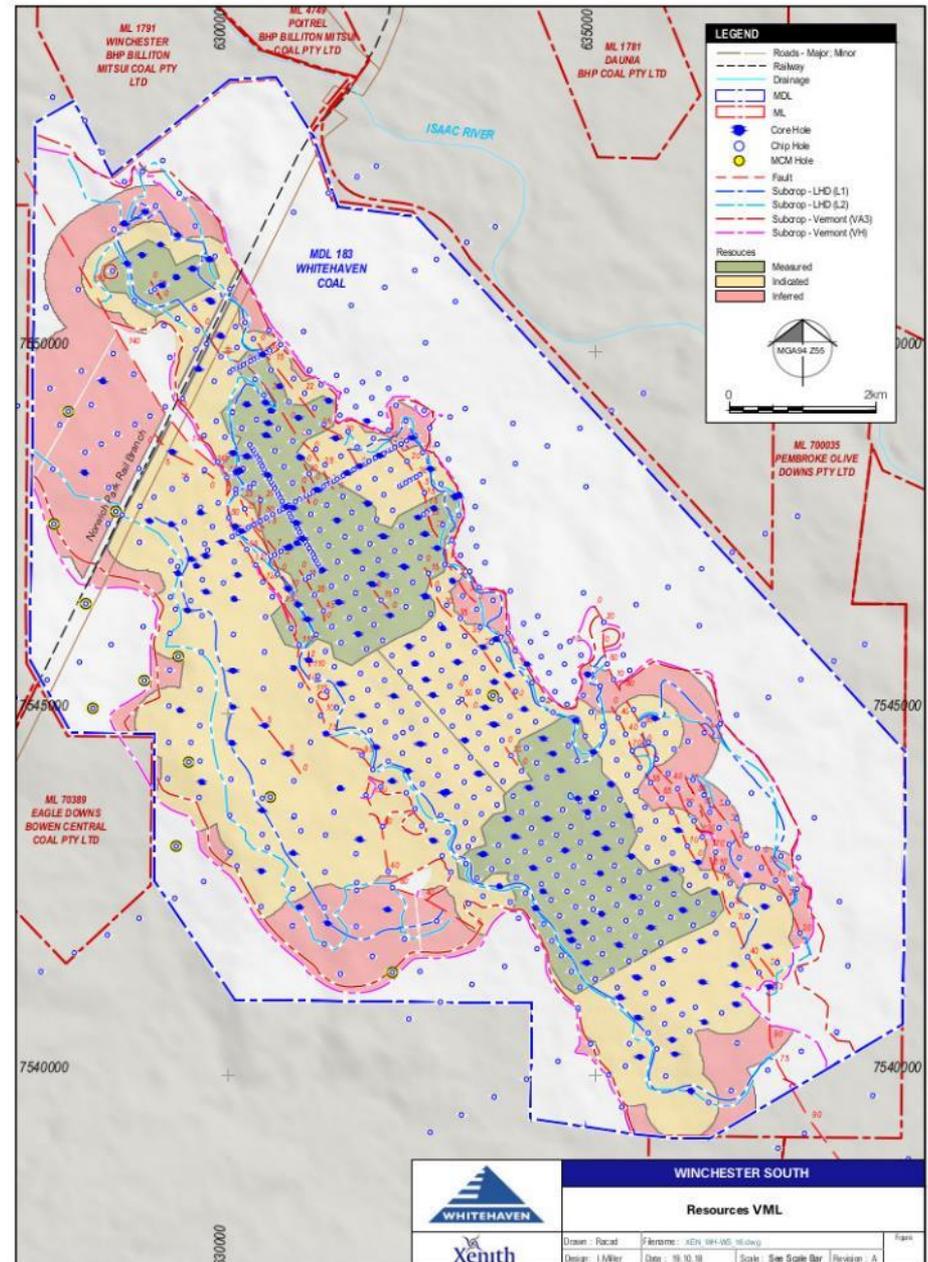


# WELL DRILLED

## RESOURCES WELL DEFINED BY PREVIOUS DRILLING PROGRAMMES

- Whitehaven declared JORC Resources of 530Mt to the ASX in October 2018
- A large core drilling programme of 18 holes will commence in the June quarter, directed toward confirming and increasing knowledge of the project's metallurgical coal qualities and coal washing properties
- Data from the core drilling programme will assist in the design of the CHPP and with the establishment of an inaugural JORC Reserve which will align with Whitehaven's annual Reserves & Resources release to the market in August 2019

Note: See full details of JORC Resources on slide 48 and Competent Persons statement on slide 2



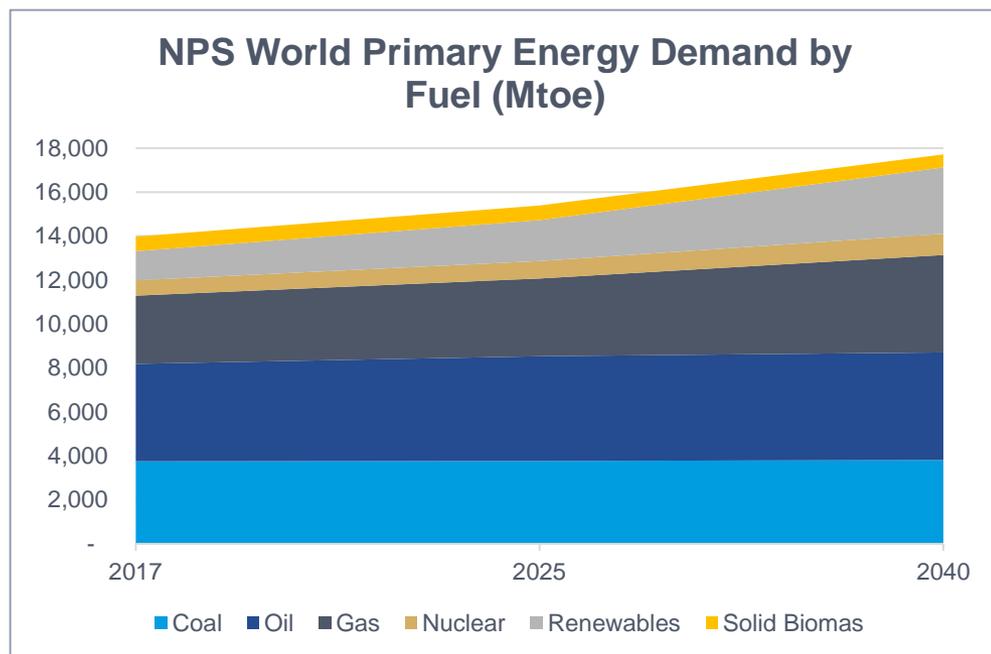
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# OUTLOOK FOR COAL USE

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# IEA NEW POLICIES SCENARIO (NPS)

THE NPS IS THE CORE SCENARIO DEVELOPED BY THE UNITED NATIONS INTERNATIONAL ENERGY AGENCY (IEA) FOR THE WORLD'S ENERGY OUTLOOK (WEO)



- In the IEA WEO 2018 report the IEA has projected in the NPS: World energy demand will increase by about 27% from 2017 to 2040
- World energy demand met by fossil fuels increases from 11,292 Mtoe in 2017 to 13,139 Mtoe in 2040
- World energy demand met by coal increases by about 2% between 2017 and 2040

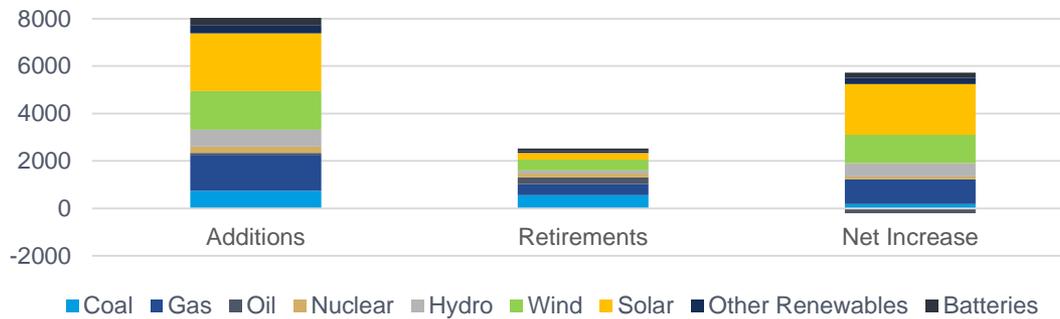
Note: The **New Policies Scenario** provides a measured assessment of where today's policy frameworks and ambitions, together with the continued evolution of known technologies, might take the energy sector in the coming decades. The policy ambitions include those that have been announced as of August 2018 and incorporates the commitments made in the Nationally Determined Contributions under the Paris Agreement, but does not speculate as to further evolution of these positions. Where commitments are aspirational, this scenario makes a judgement as to the likelihood of those commitments being met in full. It does not focus on achieving any particular outcome: it simply looks forward on the basis of announced policy ambitions.

The IEA does provide other projections – Sustainable Development Scenario and the Current Policies Scenario, details of these can be found in the IEA WEO 2018 Report. The Sustainable Development Scenario has the lowest projected coal use while the Current Policy Scenario has the highest projected coal use.

# GENERATION CAPACITY & SOURCE

FOR AT LEAST THE NEXT 20 YEARS COAL REMAINS THE LARGEST SINGLE SOURCE OF ELECTRICITY

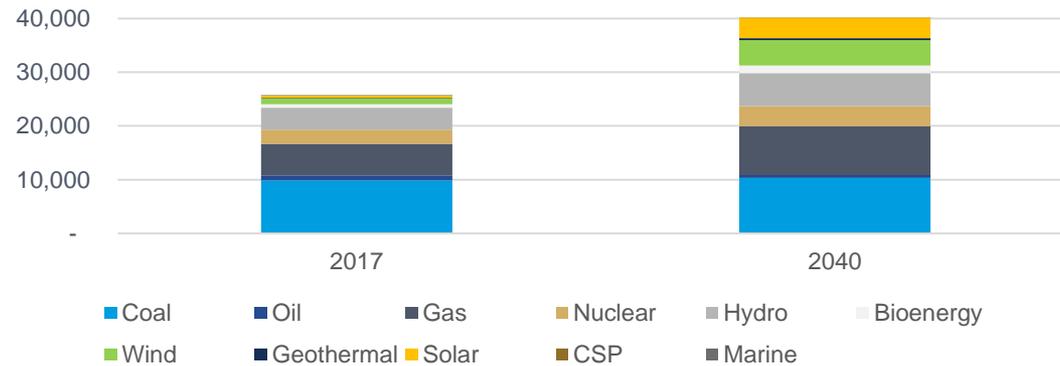
**World Generation Capacity 2017 -2040 (GW)**



## Capacity

— Installed generation capacity almost doubles from 2017 to 2040 growing from >7,000GW to >12,000GW. Wind represents 14% of the total, solar 21% and coal 18% in 2040

**World Electricity Demand (TWh)**



## Generation

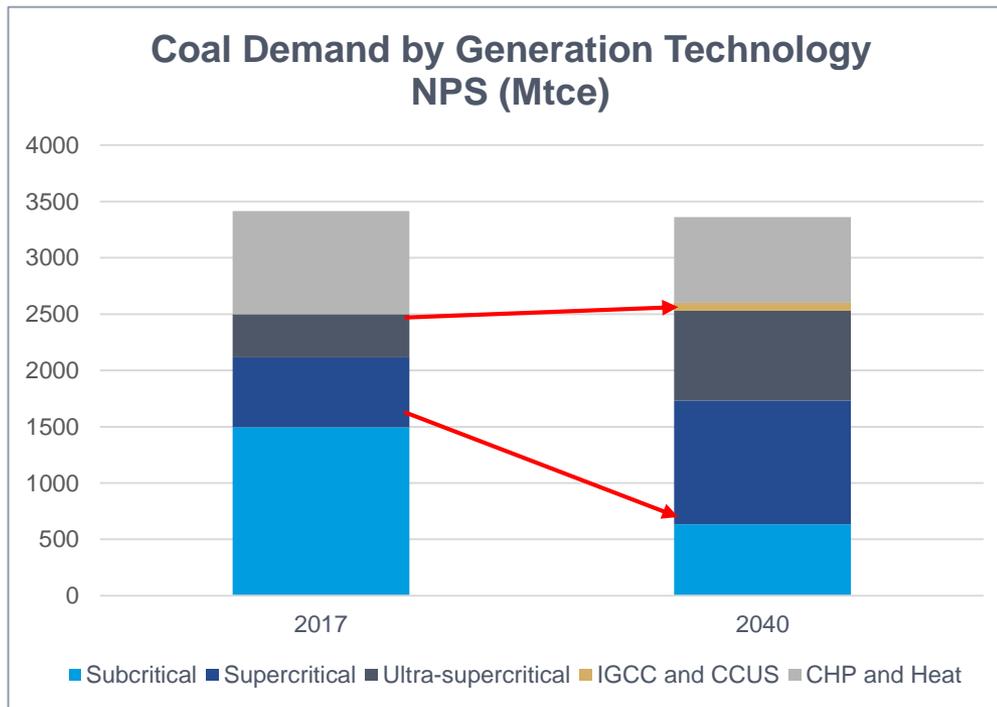
— Electricity generated grows from about 26,000TWh in 2017 to >40,000TWh in 2040. Wind represents 12% of the total, solar 10% and, coal with the largest share at 26%

**Coal generation increases by 5% over the period**

Source: IEA WEO 2018, NPS. See slide 28 for more details on the NPS

# UPGRADED COAL FIRED TECHNOLOGY

## POWER STATION GENERATING TECHNOLOGY IS ON THE UPGRADE PATH



- In the NPS, the IEA has projected that coal consumed for electricity generation (3.4Btce) will remain stable over the outlook period
- The quality of the technology used to generate the electricity improves significantly with the ongoing deployment of supercritical and ultra super critical (HELE) power stations and the retirement of older subcritical plants
- Deployment of HELE technology significantly reduces carbon emissions by burning coal more efficiently and producing more electricity per unit of coal consumed when compared to the efficiency of subcritical power stations

Source: IEA WEO 2018, NPS. See slide 28 for more details on the NPS

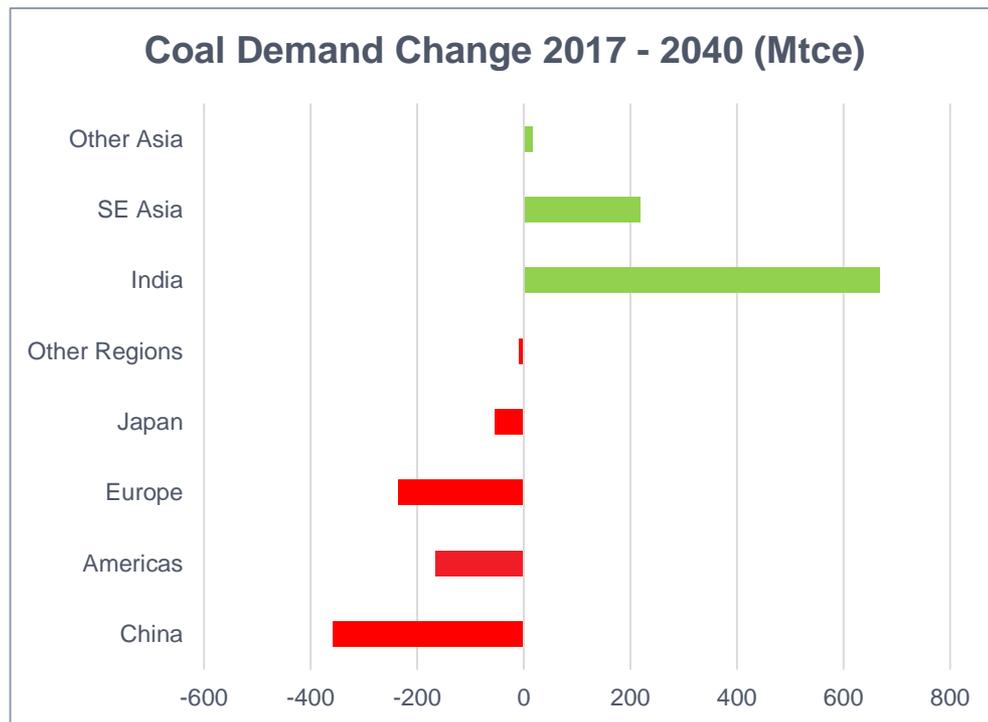
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# COAL DEMAND OUTLOOK

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# WORLD COAL DEMAND

## LARGE REGIONAL DIFFERENCES IN WORLD PROJECTED COAL DEMAND

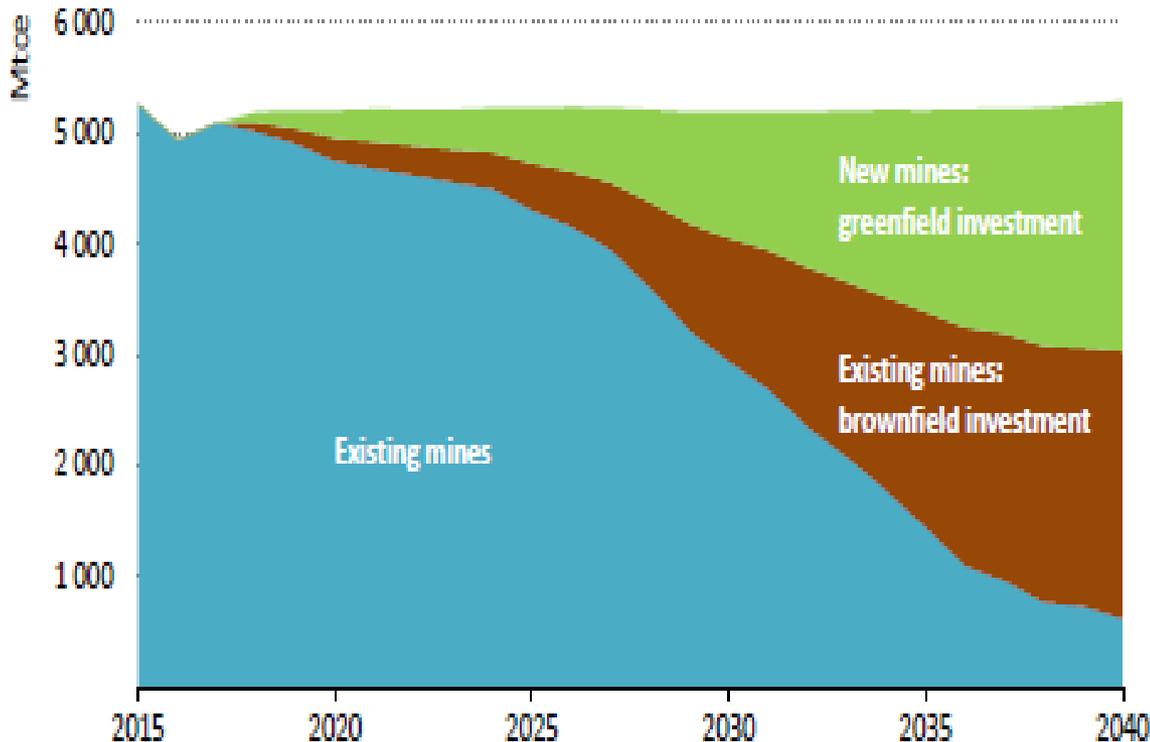


- Under the NPS, the IEA projects coal demand to increase by 1.5% or 100Mt of 6,000 kcal/kg coal over the outlook period – relatively flat
- However global coal demand is driven by a number of key regional factors
- Asian economic expansion continues to be fuelled by low cost energy leading to increased coal demand in Asia, which offsets declining demand in Europe (a combination of economics and policy driven change) and in North America (substitution of low cost gas for higher cost coal in electricity generation)

Source: IEA WEO 2018, NPS. See slide 28 for more details on the NPS

# GLOBAL COAL PRODUCTION

THE IEA PROJECTS THAT MORE MINES ARE REQUIRED TO MEET DEMAND UNDER NPS

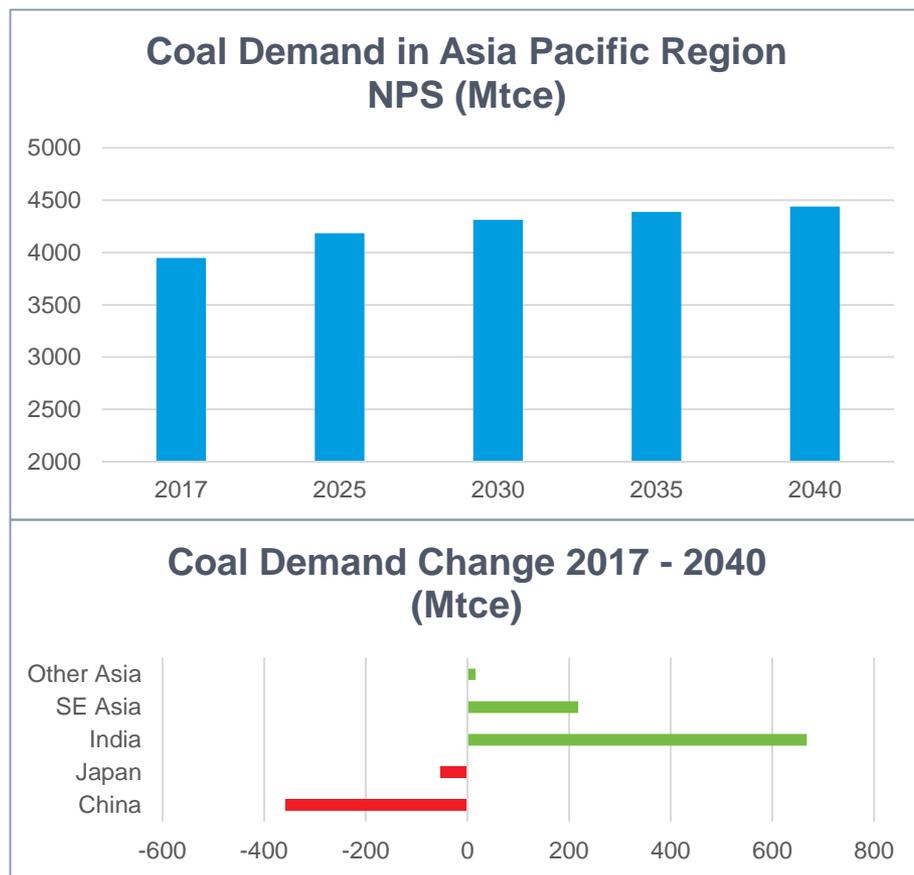


- Under the NPS, the IEA projects that a total of US\$1 trillion investment is required in existing and new mines to deliver coal out to 2040
- Expansions and new mines will be needed to meet the demand
- According to the IEA, Australia is well placed to supply the demand growth in the strongly growing Asian region

Source: IEA WEO 2018, NPS. See slide 28 for more details on the NPS

# GROWTH IN ASIA PACIFIC

## COAL DEMAND PROJECTED TO GROW STRONGLY IN WHITEHAVEN'S KEY MARKETS

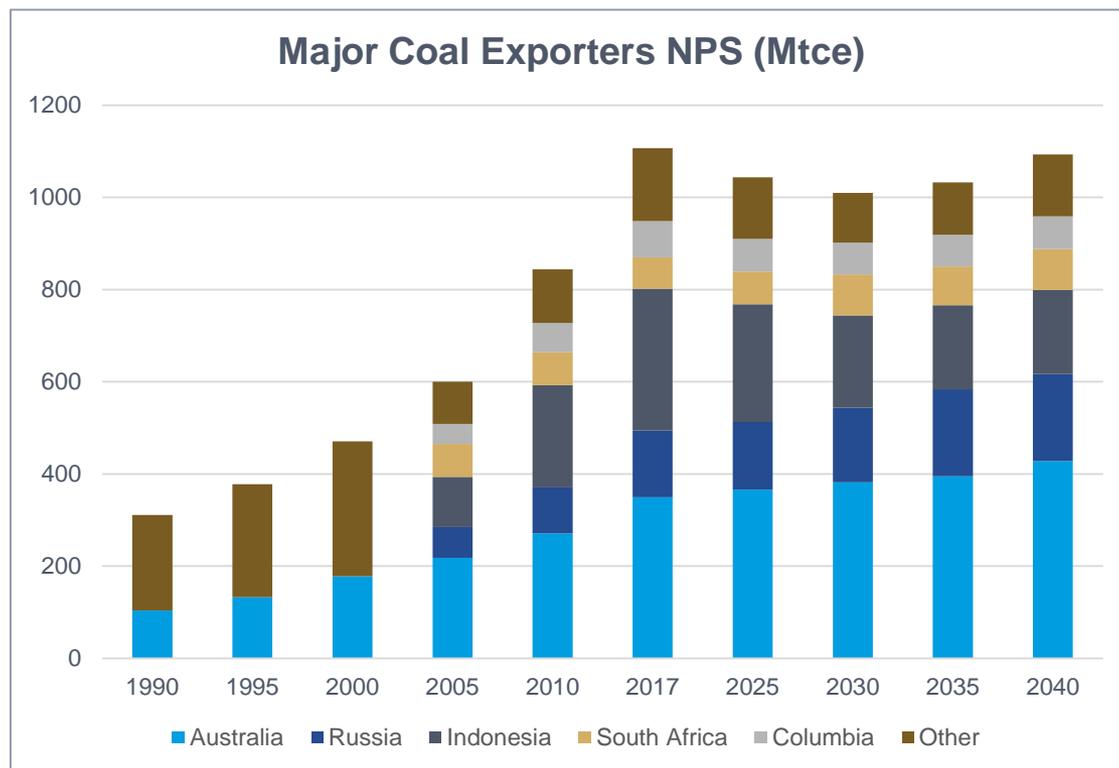


- Under the NPS, the IEA projects coal demand to increase by 12% or 491Mtce (575Mt of 6,000 kcal/kg coal) in the Asia Pacific region out to 2040
- Coal demand is projected to fall in China and Japan (subject to nuclear restarts) and increase significantly in India and SE Asia
- Whitehaven is set to benefit from this growth by supplying high quality thermal coal into Asia and increased volumes of metallurgical coal into India

Source: IEA WEO 2018, NPS. See slide 28 for more details on the NPS

# AUSTRALIAN COAL EXPORTS

IEA EXPECTS AUSTRALIA TO INCREASE EXPORTS OF COAL BY 22% OR 78MTCE



- Under the NPS, the IEA projects coal exports (seaborne market) to stabilise around current levels out to 2040
- The IEA projects Australia will grow its exports by ~22% from 350Mtce in 2017 to 428Mtce by 2040
- Indonesian exports decline as the quality of its coal deteriorates and more coal is consumed domestically to generate electricity

Source: IEA WEO 2018, NPS. See slide 28 for more details on the NPS  
 Note: These projections include both metallurgical and thermal coal

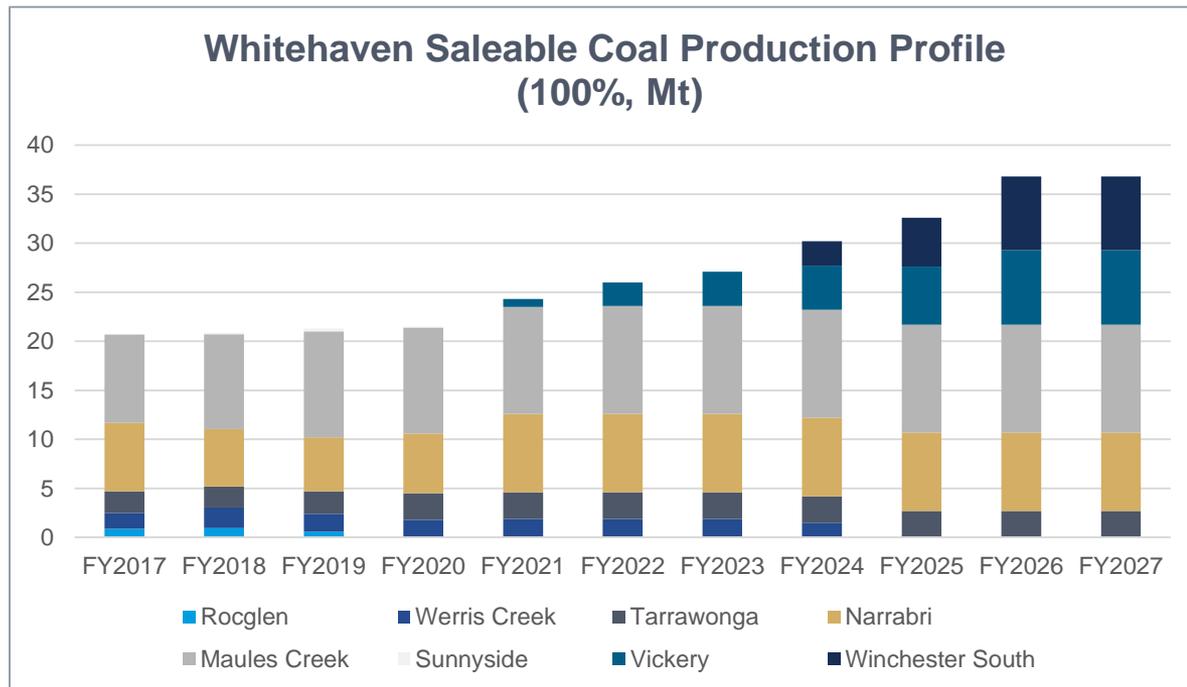
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# OUTLOOK FOR WHITEHAVEN

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# WHITEHAVEN'S PRODUCTION PROFILE

## PRODUCTION FORECAST TO GROW WITH VICKERY & WINCHESTER SOUTH PROJECTS



- Managed saleable coal production is forecast to grow strongly from the startup of the Vickery and Winchester South projects
- Within a decade, Whitehaven expects to be operating four highly efficient mines producing high quality thermal and metallurgical coal

Note: Graph depicts saleable coal on a 100% basis. The production profile shown in the chart is fully underpinned by the Company's Marketable Reserves from its operating mines and the Vickery project. See slides 48, 49 and 50 for full details of Whitehaven's Coal Resources and Reserves JORC tables and Slide 2 for the Competent Persons Statement. 100% of the forecast production from the Vickery project is underpinned by the JORC Reserves released to the ASX on 13 August, 2015 and available on Whitehaven's website. 100% of the forecast production from Winchester South is underpinned by the Measured and Indicated Reserves. The JORC Resources estimate for Winchester South was released to the ASX by Whitehaven on 25 October 2018. The full JORC Resources report is also available on Whitehaven's website (Whitehavencoal.com.au). See slide 48 for the JORC Resources table. Whitehaven confirms that the material assumptions underpinning the forecast production in the initial public reports referenced for Vickery and Winchester South continue to apply and have not materially changed.

# TARGETS FOR SECOND HALF OF FY2019

## CONTINUING TO DELIVER

### Operations

- Continue improving safety performance
- Deliver saleable coal production guidance in the range of 21.5Mt to 22.5Mt (100% basis)
- Deliver updated FY2019 cost guidance of A\$67/t
- Continue ramping up production at Maules Creek towards 13Mtpa ROM coal
- Progress the trial of the autonomous haulage system at Maules Creek
- Pursue the approval of the Vickery project
- Continue progressing EIS and feasibility studies for the Winchester South project

### Financial

- Return surplus capital to shareholders
- Maintain the existing strong balance sheet
- Ensure that costs remain tightly controlled

SR 17 Narrabri 35

17 Maules Ck SR 11 Boggabri 18



**THANK YOU**

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# APPENDICES

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# IFRS 16 *LEASES*

## BACKGROUND

- WHC has adopted IFRS 16 *Leases* from 1 July 2018 and restated comparative periods
- The new standard requires operating leases and some rental arrangements to be brought onto the balance sheet as a 'lease' liability and right of use asset, effectively aligning the treatment of operating leases and finance leases
- The definition of a 'lease' has been broadened to include the value of contracts, such as rental contracts that contain an identified asset with a fixed consideration e.g. some equipment hired under rental agreements such as with Emeco

### Main impact:

- Increased assets and liabilities: all leases are capitalised on the balance sheet via a right-of-use asset (included in Property, plant and equipment) and a lease liability (included within loans and borrowings) for the present value of the obligation
- A \$0.5m timing change to NPAT with operating costs lower; EBITDA higher and a higher depreciation and interest charge e.g. in H1FY2019 Depreciation increased by \$34.5m and interest increased by \$4.8m offset by a reduction in operating costs of \$38.6m

# IFRS 16 LEASES

## IMPACT OF ADOPTION OF IFRS 16 LEASES ON H1 FY2019 PROFIT OR LOSS

Financial Performance - A\$ millions	H1 FY2019 excl IFRS 16	IFRS 16 Impact	IFRS 16 \$/t impact*	H1 FY2019 as reported
Revenue	1,270.1	-	-	1,270.1
Other income	1.8	-	-	1.8
Operating expenses	(490.5)	38.6	\$5.20	(451.9)
Rail, Port, Marketing and Royalties	(248.9)	-	-	(248.9)
Admin and other expenses (including net FX gain/loss)	(20.3)	-	-	(20.3)
<b>Underlying EBITDA</b>	<b>512.2</b>	<b>38.6</b>	<b>\$5.20</b>	<b>550.8</b>
Depreciation & amortisation	(61.7)	(34.5)	\$4.60	(96.2)
Net interest expense	(17.7)	(4.8)	\$0.60	(22.5)
Income tax expense	(126.5)	0.2	-	(126.3)
<b>Net profit after tax</b>	<b>306.3</b>	<b>(0.5)</b>	<b>-</b>	<b>305.8</b>

\* \$ per tonne calculated using sales of own coal of 7.4Mt tonnes during H1FY2019

Note: refer to Note 3 of the interim financial report for more information on the change in accounting policies

# IFRS 16 LEASES

## RESTATEMENT OF FY2018 PROFIT OR LOSS

Financial Performance - A\$ millions	FY2018	IFRS 16 Adjustments	IFRS 16 \$/t impact*	FY2018 Restated
Revenue	2,257.4	-	-	2,257.4
Other income	6.8	-	-	6.8
Operating expenses	(839.2)	71.1	\$4.45	(768.1)
Rail, Port, Marketing and Royalties	(457.2)	-	-	(457.2)
Admin and other expenses (including net FX gain/loss)	(27.8)	-	-	(27.8)
<b>Underlying EBITDA</b>	<b>940.0</b>	<b>71.1</b>	<b>\$4.45</b>	<b>1,011.1</b>
Corporate development costs	(9.7)	-	-	(9.7)
Depreciation & amortisation	(141.0)	(62.1)	\$3.90	(203.1)
Net interest expense	(28.9)	(11.3)	\$0.70	(40.2)
Income tax expense	(234.8)	0.7	-	(234.1)
<b>Net profit after tax</b>	<b>525.6</b>	<b>(1.6)</b>	<b>-</b>	<b>524.0</b>
Earnings per share (cents per share - basic)	53.2	(0.2)	-	53.0

\* \$ per tonne calculated using sales of own coal of 16.0Mt tonnes during FY2018

Note: refer to Note 3 of the interim financial report for more information on the change in accounting policies

# IFRS 16 LEASES

## RESTATEMENT OF H1 FY2018 PROFIT OR LOSS

Financial Performance - A\$ millions	H1 FY2018	IFRS 16 Adjustments	IFRS 16 \$/t impact*	H1 FY2018 Restated
Revenue	1,146.4	-	-	1,146.4
Other income	3.6	-	-	3.6
Operating expenses	(421.3)	32.9	\$3.85	(388.4)
Rail, Port, Marketing and Royalties	(248.1)	-	-	(248.1)
Admin and other expenses (including net FX gain/loss)	(19.8)	-	-	(19.8)
<b>Underlying EBITDA</b>	<b>460.8</b>	<b>32.9</b>	<b>\$3.85</b>	<b>493.7</b>
Depreciation & amortisation	(72.6)	(28.6)	\$3.30	(101.2)
Net interest expense	(15.4)	(5.7)	\$0.65	(21.1)
Income tax expense	(115.6)	0.4	-	(115.2)
<b>Net profit after tax</b>	<b>257.2</b>	<b>(1.0)</b>	<b>-</b>	<b>256.2</b>
Earnings per share (cents per share - basic)	26.0	(0.1)	-	25.9

\* \$ per tonne calculated using sales of own coal of 8.5Mt tonnes during H1FY2018

Note: refer to Note 3 of the interim financial report for more information on the change in accounting policies

# IFRS 16 *LEASES*

## RESTATEMENT OF H1 FY2018 CASH FLOW

Cash flow statement - A\$ millions	H1 FY2018	IFRS 16 Adjustments	H1 FY2018 Restated
Cash paid to suppliers and employees	(719.2)	32.9	(686.3)
Interest paid	(10.9)	(5.8)	(16.7)
<b>Net cash from operating activities</b>	<b>399.4</b>	<b>27.1</b>	<b>426.5</b>
Payment of lease liabilities	(6.7)	(27.1)	(33.8)
<b>Net cash used in financing activities</b>	<b>(357.8)</b>	<b>(27.1)</b>	<b>(384.9)</b>
Cash and cash equivalents at 31 December 2017	98.6	-	98.6

Note: refer to Note 3 of the interim financial report for more information on the change in accounting policies

# LOCATION



# WINCHESTER SOUTH PROJECT

ACQUISITION OF HIGH QUALITY METALLURGICAL COAL PROJECT COMPLETED



# RESOURCES

Whitehaven Coal Limited – Coal Resources – August 2018							
Tenement		Measured Resource (A) Mt	Indicated Resource (B) Mt	Measured + Indicated (A + B) Mt	Inferred Resource (C) Mt	Competent Person	Report Date
Maules Creek Opencut*	CL375 AUTH346 ML1701 ML1719	410	200	610	10	1	Mar-18
Narrabri North Underground**	ML1609	160	180	340	-	2	Mar-18
Narrabri South Underground**	EL6243	-	300	300	5	2	Mar-18
Tarrowonga Opencut	EL5967 ML1579 ML1685 ML1693	40	18	58	13	3	Mar-18
Tarrowonga Underground	EL5967 ML1579 ML1685 ML1693	10	15	25	14	3	Apr-14
Werris Creek Opencut	ML1563 ML1672	13	2	15	-	2	Mar-18
Rocglen Opencut	ML1620	4	4	8	-	3	Mar-18
Rocglen Underground	ML1620	-	3	3	1	3	Mar-15
Vickery Opencut	CL316 EL4699 EL5831 EL7407 EL8224 ML1464 ML1471 ML1718	230	165	395	110	3	Jul-15
Vickery Underground	ML1624 EL5183 CCL701	-	95	95	135	3	Jul-15
Gunnedah Opencut	ML1624 EL5183 CCL701	7	47	54	89	3	Jun-14
Gunnedah Underground	ML1624 EL5183 CCL701	2	138	140	24	3	Jun-14
Bonshaw Opencut	EL6450 EL6587	-	4	4	7	3	Jun-14
Ferndale Opencut	EL7430	103	135	238	134	4	Jan-13
Ferndale Underground	EL7430	-	-	-	73	4	Jan-13
Oaklands North Opencut	EL6861	110	260	370	580	3	Jun-14
Pearl Creek Opencut***	EPC862	-	14	14	38	5	Nov-12
<b>TOTAL COAL RESOURCES</b>		<b>1089</b>	<b>1580</b>	<b>2669</b>	<b>1233</b>		
1. Shaun Tamplin, 2. Mark Benson, 3. Benjamin Thompson, 4. Greg Jones, 5. Phill Sides * Maules Creek Joint Venture - Whitehaven owns 75% share. ** Narrabri Joint Venture - Whitehaven owns 70% share. *** Dingo Joint Venture - Whitehaven owns 70% share. # The Coal Resources for active mining areas are current to the pit surface as at the report date.							

# RESERVES

Whitehaven Coal Limited – Coal Reserves – August 2018									
Tenement		Recoverable Reserves			Marketable Reserves			Competent Person	Report
		Proved	Probable	Total	Proved	Probable	Total		Date
		Mt	Mt	Mt	Mt	Mt	Mt		
Maules Creek Opencut*	CL375 AUTH346	360	140	500	320	120	440	1	Mar-18
Narrabri North Underground**	ML1609	107	5	112	103	5	108	2	Mar-18
Narrabri South Underground**	EL6243	-	121	121	-	114	114	2	Mar-18
Tarrowonga Opencut	EL5967 ML1579 ML1685 ML1693	28	11	39	23	9	32	1	Mar-18
Werris Creek Opencut	ML1563 ML1672	11	1	12	11	1	12	1	Mar-18
Rocglen Opencut	ML1620	0.9	0.3	1.2	0.7	0.3	1.0	1	Mar-18
Vickery Opencut	CL316 EL4699 EL7407	-	200	200	-	178	178	1	Mar-15
<b>TOTAL COAL RESERVES</b>		<b>507</b>	<b>478</b>	<b>985</b>	<b>458</b>	<b>427</b>	<b>885</b>		

1. Doug Sillar, 2. Michael Barker  
 \* Maules Creek Joint Venture - Whitehaven owns 75% share.  
 \*\* Narrabri Joint Venture - Whitehaven owns 70% share.  
 # The Coal Reserves for active mining areas are current as at report date.  
 ## Coal Reserves are quoted as a subset of Coal Resources.  
 ### Marketable Reserves are based on geological modeling of the anticipated yield from Recoverable Reserves

Note: See Competent Person Statement on Slide 2

# WINCHESTER RESOURCES

Winchester Coal Resources						
Tenement	Measured Resource	Indicated Resource	Inferred Resource	Total Resource	Competent Person	Report Date
	Mt	Mt	Mt	Mt		
MDL183	130	300	100	530	Troy Turner	Oct-18

Information in this report that relates to Coal Resources is based on and accurately reflects reports prepared by the Competent Person named beside the respective information. Troy Turner is the Managing Director of Xenith Consulting Pty Ltd.

The named Competent Person consents to the inclusion of material in the form and context in which it appears. The Competent Person named is a Member of the Australasian Institute of Mining and Metallurgy and has the relevant experience in relation to the mineralisation being reported on by him to qualify as a Competent Person as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition)