



# Whitehaven Coal Limited ASX Spotlight Conference

A low cost, high growth coal miner

New York  
5 March 2015



# 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.

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All dollars in the presentation are Australian dollars unless otherwise noted.

# Agenda



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**Who we are**

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**Coal Outlook - IEA**

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**Whitehaven Sales**

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**Safety**

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**Financials and Costs**

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**Operations**

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**Community Contribution**

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**Growth**

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**Conclusion**

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**Note: All financials in Australian dollars**

# Our goal



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

# About Whitehaven Coal



ASX Code: WHC, 1025 million shares on issue, Market Capitalisation of A\$1.6 billion

## Whitehaven operations

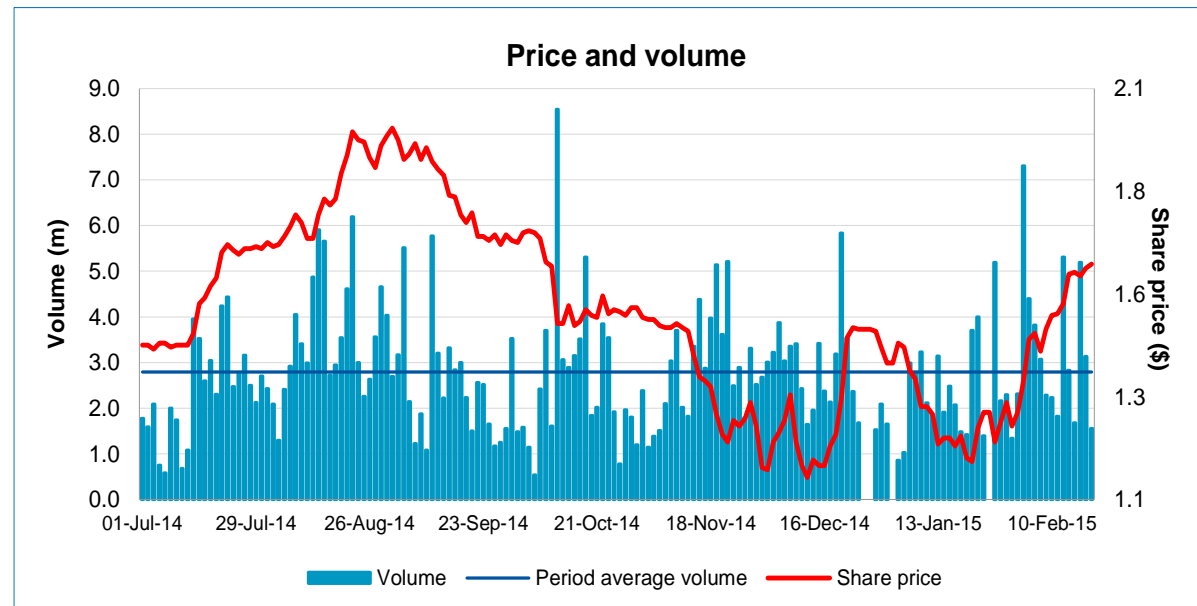
- Narrabri U/G 6.5Mtpa ROM coal
- Werris Creek O/C 2.5Mtpa ROM coal
- Tarrawonga O/C 2.0Mtpa ROM Coal
- Rocglen O/C 1.2Mtpa ROM coal

Under construction - Maules Creek O/C, over 90% complete, operating 6.0Mtpa ROM coal

Production of 10.3Mt in FY2014 will double to over 23Mt by FY2018

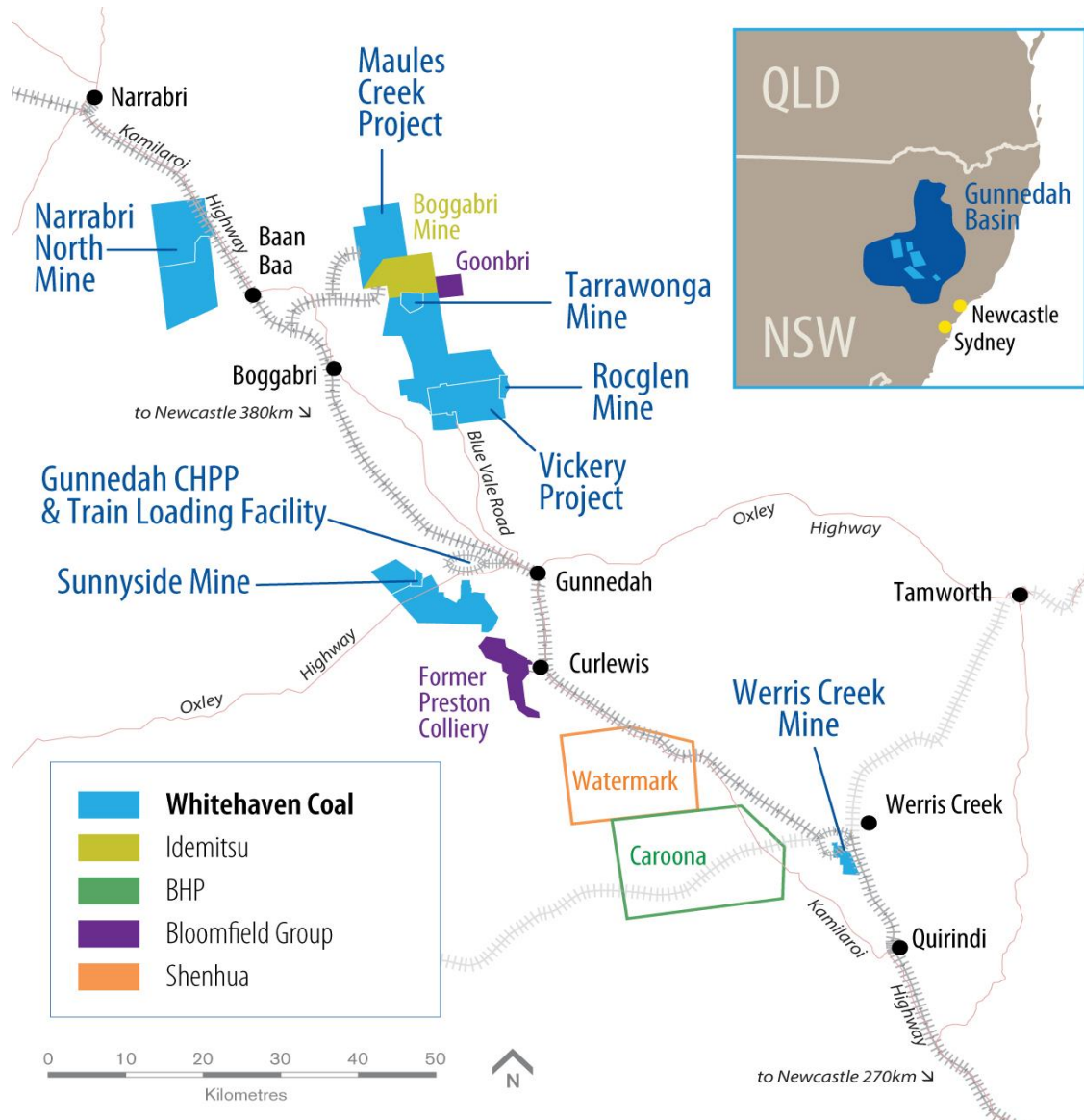
## Shareholders:

Farallon	16.6%
AMCI	14.7%
Eastspring	8.0%
Manning & Napier	6.0%
Martua Sitorus Group	5.0%
Kerry Group	5.0%
Australian Institutions	19.0%



**Low cost mines producing high quality coal**

# Where we operate



## Maules Creek (75%)

- Reserves to support ~ 30 years
- Permitted & Planned : 13 Mtpa ROM
- SSCC, PCI and high energy thermal

## Narrabri North (70%)

- Reserves to support ~ 25 years
- Permitted : 8 Mtpa ROM
- Planned : 6.5 Mtpa ROM
- PCI & low ash thermal coals

## Tarrawonga (70%)

- Reserves to support > 20 years
- Permitted : 3 Mtpa ROM
- Planned : 2 Mtpa ROM
- SSCC, PCI and high energy thermal

## Rocglen (100%)

- Reserves to support ~ 3 years
- Permitted & Planned to 1.5 Mtpa ROM
- Thermal coal

## Vickery (100%)

- Reserves to support ~ 30 years
- SSCC, PCI and high energy thermal
- Approved for 4.5 Mtpa ROM

## Gunnedah CHPP (100%)

- Permitted to 4 Mtpa

## Werris Creek Mine (100%)

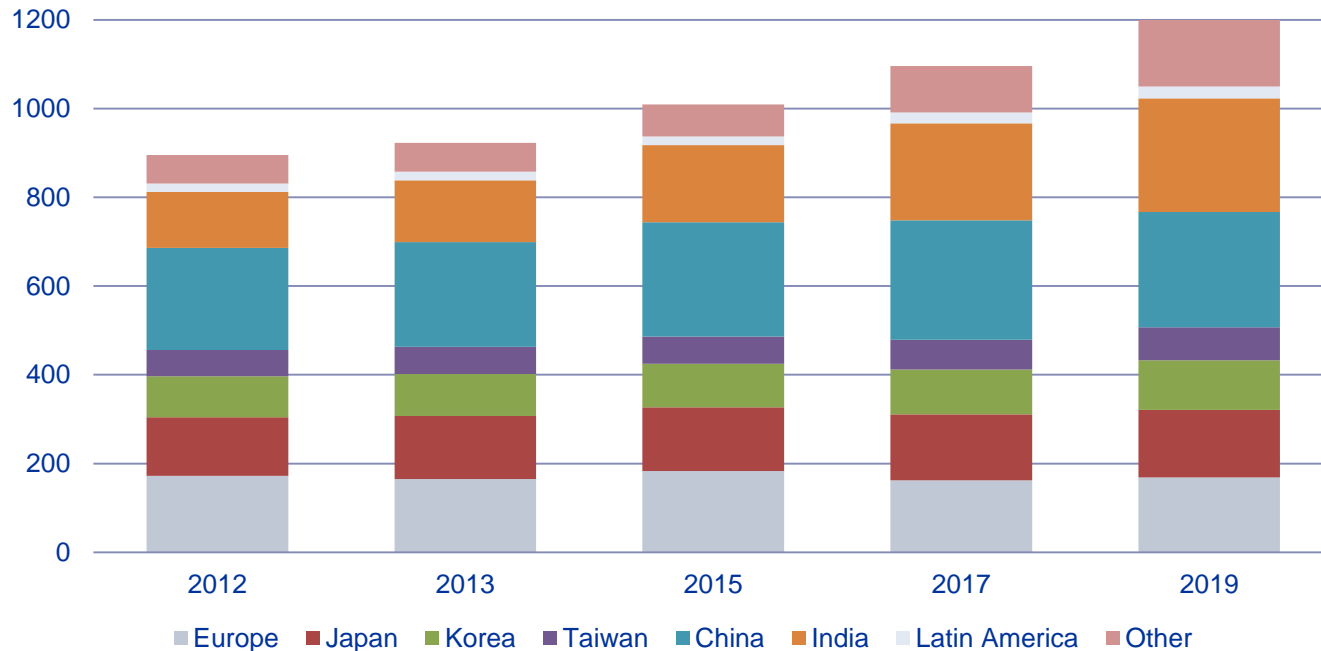
- Reserves to support ~ 8 years
- Permitted & Planned to 2.5 Mtpa
- PCI and thermal coals

**First mover advantage in the Gunnedah Basin**

# Seaborne thermal coal outlook



## Global Seaborne Thermal Coal Imports (Mt)



Global seaborne thermal coal demand is expected to grow from 1009Mt in 2015 to 1201Mt in 2019

The growth rate of demand from the Asian region (Whitehaven's market) is forecast to be significantly higher than the rest of the world

Source: International Energy Agency's Medium-Term Market Report 2014

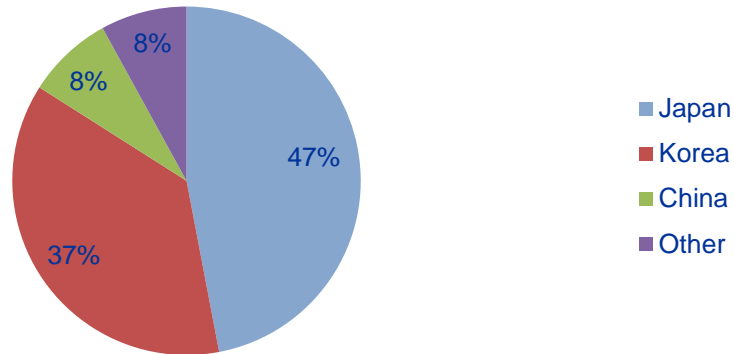
**Strong growth in seaborne demand**



# Sales destination



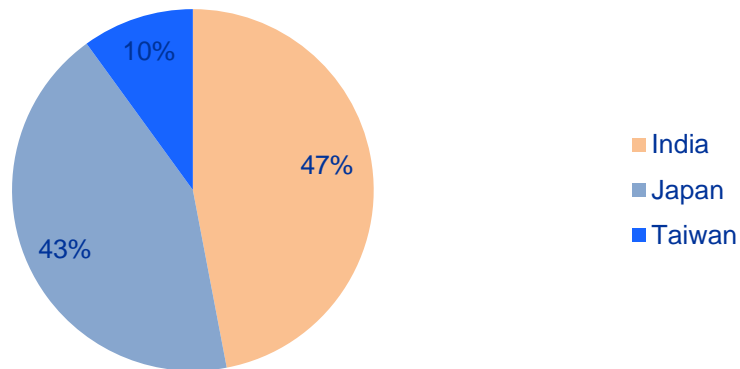
## Thermal Coal Sales FY2014



Thermal coal sales in FY2014 of 8.9Mt (100% basis) sold into the premium Asian markets

Metallurgical coal (PCI and SSCC) sales totalled 2.0Mt (100% basis) in FY2014

## Metallurgical Coal Sales FY2014



Coal quality will improve over time as high quality production from Maules Creek comes on-line

Metallurgical coal in the sales mix will increase from 20% to over 35% as Maules Creek ramps up to full production

**Coal sold into premium Asian markets**

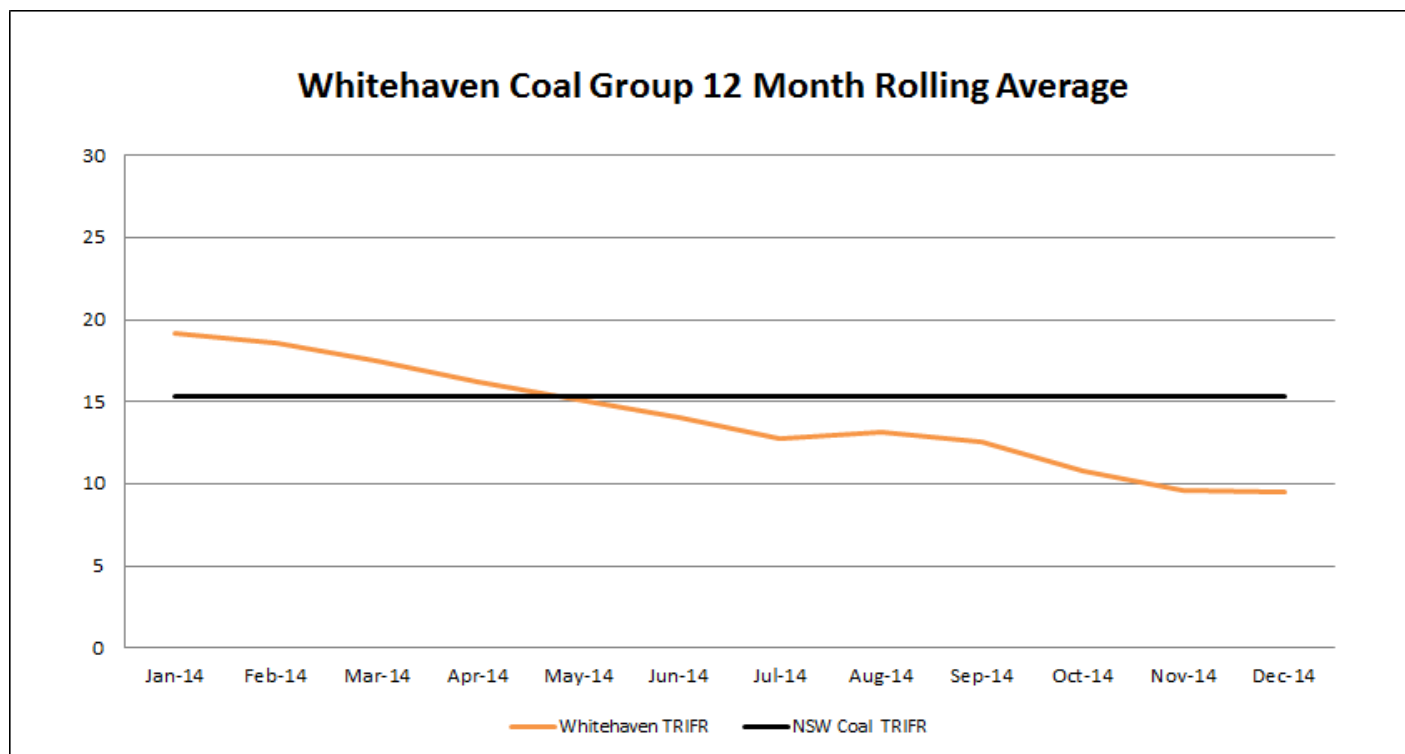


# Key focus - Safety



Introduction of Whitehaven's "Safehaven Rules" in early 2014 is delivering improved safety performance

Achieved TRIFR rate of 9.49 below NSW average of 15.35



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

**Safety performance continues to improve**

# First half financial highlights



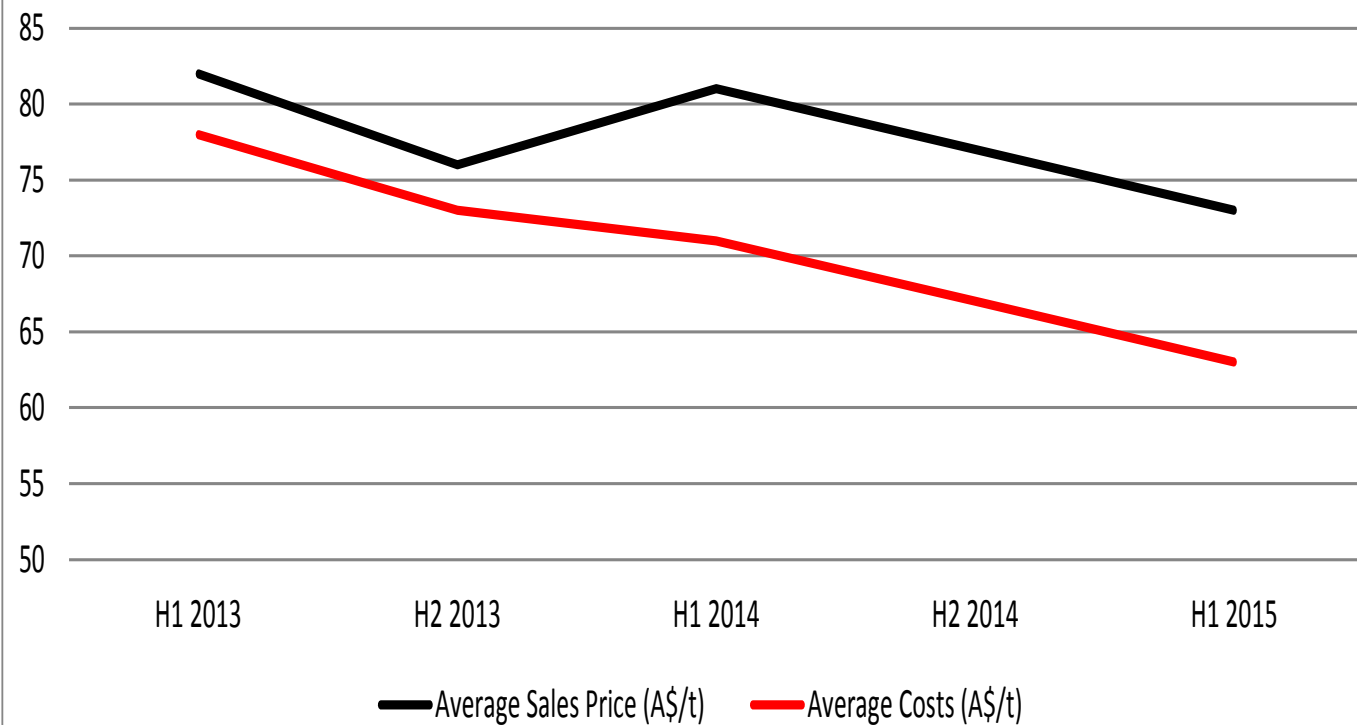
Headlines	H1 FY2015	H1 FY2014	Comment
EBITDA before significant items (\$'m)	52.1	55.0	<ul style="list-style-type: none"> <li>Lower average coal price offset by higher sales volume and reduced costs</li> </ul>
EBITDA including significant items (\$'m)	(39.4)	51.1	<ul style="list-style-type: none"> <li>Impacted by impairment of MRRT goodwill following repeal of the MRRT by Australian Government</li> </ul>
Operating cash flow (\$'m)	54.1	78.3	<ul style="list-style-type: none"> <li>Operating cash flow in line with first half FY2015 EBITDA</li> </ul>
Average unit cost per tonne excl. significant items (\$ / tonne)	63	71	<ul style="list-style-type: none"> <li>Improvement due to increased production and cost savings at each mine and across entire supply chain</li> </ul>
Balance Sheet	Dec 2014	June 2014	
Net debt (\$'m)	887.4	685.2	<ul style="list-style-type: none"> <li>The increase reflects senior facility drawings of \$225m to fund Maules Creek cash construction costs</li> </ul>
Gearing (%)	22%	18%	<ul style="list-style-type: none"> <li>Gearing remains modest</li> </ul>

**Sound underlying fundamentals positions Whitehaven for growth**

# Costs continue to fall



## Whitehaven Costs and Sales Price ex Royalties (A\$/t)



Whitehaven has maintained margins over the past six quarters

Unit costs down 20% from H1 FY2013 to A\$63/t in H1 FY2015

Costs expected to fall another A\$1/t to A\$2/t in current half

Whitehaven's costs positioned in the lowest quartile of cost curve

**Delivering sustainable cost reduction and maintaining margins**

# Capital allocation



Capital Investment (equity share) - \$ Million	H1 FY2015
<b>Mine Capital</b>	
Open Cuts Sustaining	3.2
Narrabri Mains Development	18.4
Narrabri Sustaining	2.3
<b>Total Capital</b>	<b>23.9</b>
Sustaining Capex per saleable tonne	
Open Cuts	\$1
Narrabri	\$1
<b>Expansion and Other Capital Investment</b>	
Maules Creek	170.9
Werris Creek Expansion	-
Operating Mine Projects	-
Exploration Projects	0.3
Land & Other	6.8
<b>Total Expansion and Other Capex</b>	<b>178.0</b>
<b>Total Capital Investment</b>	<b>201.9</b>

## Sustaining Capital

Sustaining capex at the mines has been maintained at minimum levels without compromising production and funded by the operations

## Expansionary Capital

Expansion capex spent almost exclusively on Maules Creek project during first half

**Balance of Whitehaven's share of Maules Creek capex to be funded by corporate debt facility**

**Sustaining capex funded by operating cash flow**

# Financing – current and future



**Current Facility** Current \$1.25b facilities comprise a combination of term loan, revolver and guarantee facilities. Existing major facility matures in December 2016.

**Aim to arrange flexible debt structure** – longer tenor and appropriate covenants

**Operations performing strongly**

Supporting criteria

- Maules Creek operating at 6.0Mtpa and sold out for next year
- Expansion to 8.5Mtpa approved with equipment on site from December 2015
- Generating strong cash flow from two low cost mines
- All Whitehaven's operations performing well
- Banking and finance markets have strong liquidity

**Appetite**

Range of banks 'pitching', with opportunities in US and Australia

Current banking syndicate very supportive of the company

**Timing**

Expect resolution in the current half year

**Options and time available to fund business**

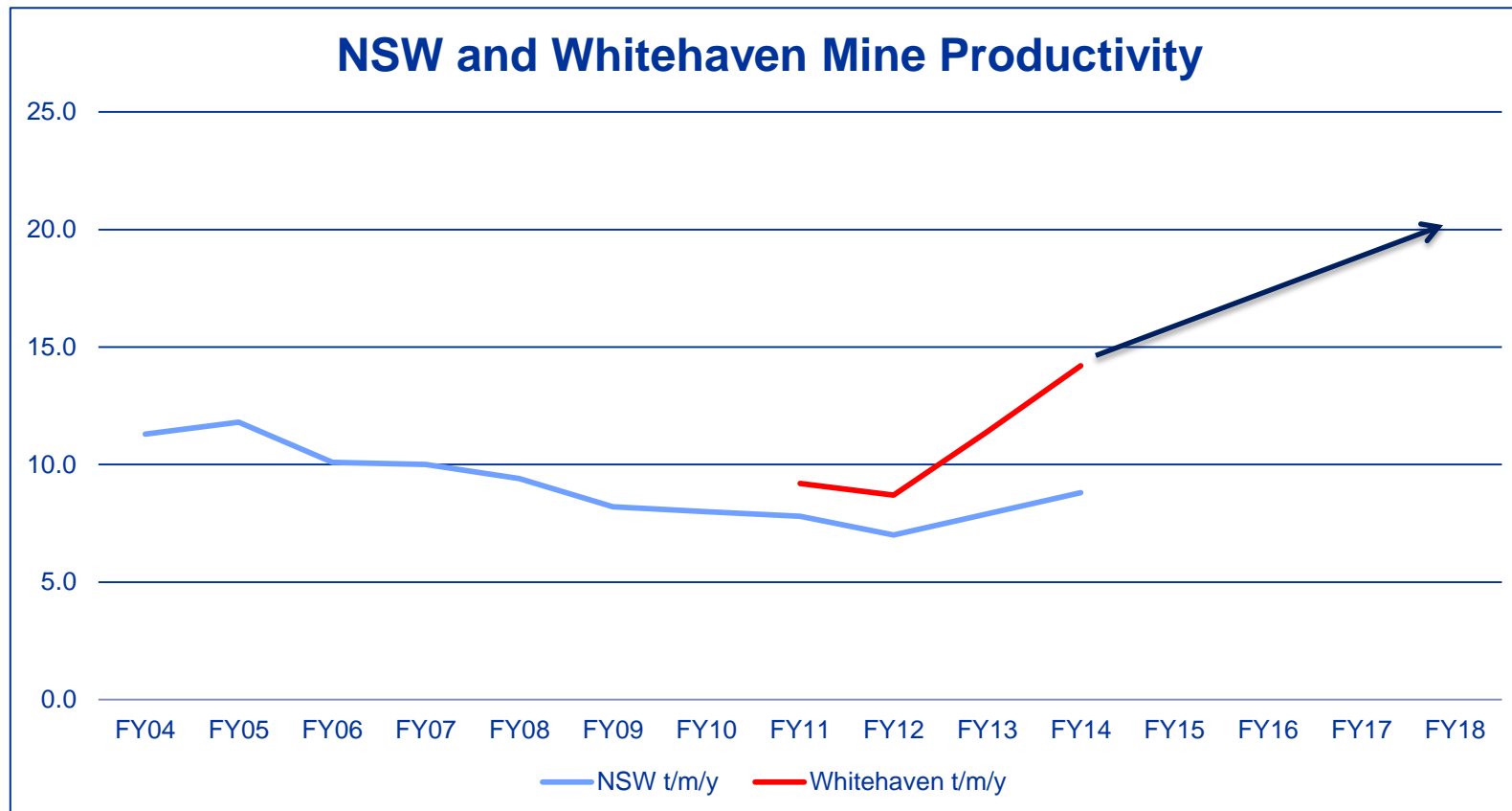
# Coal mine productivity



NSW coal mine productivity starting to improve

Productivity at Whitehaven mines higher than average

Further improvement in productivity for Whitehaven after Maules Creek is fully ramped



**Productivity improving rapidly**

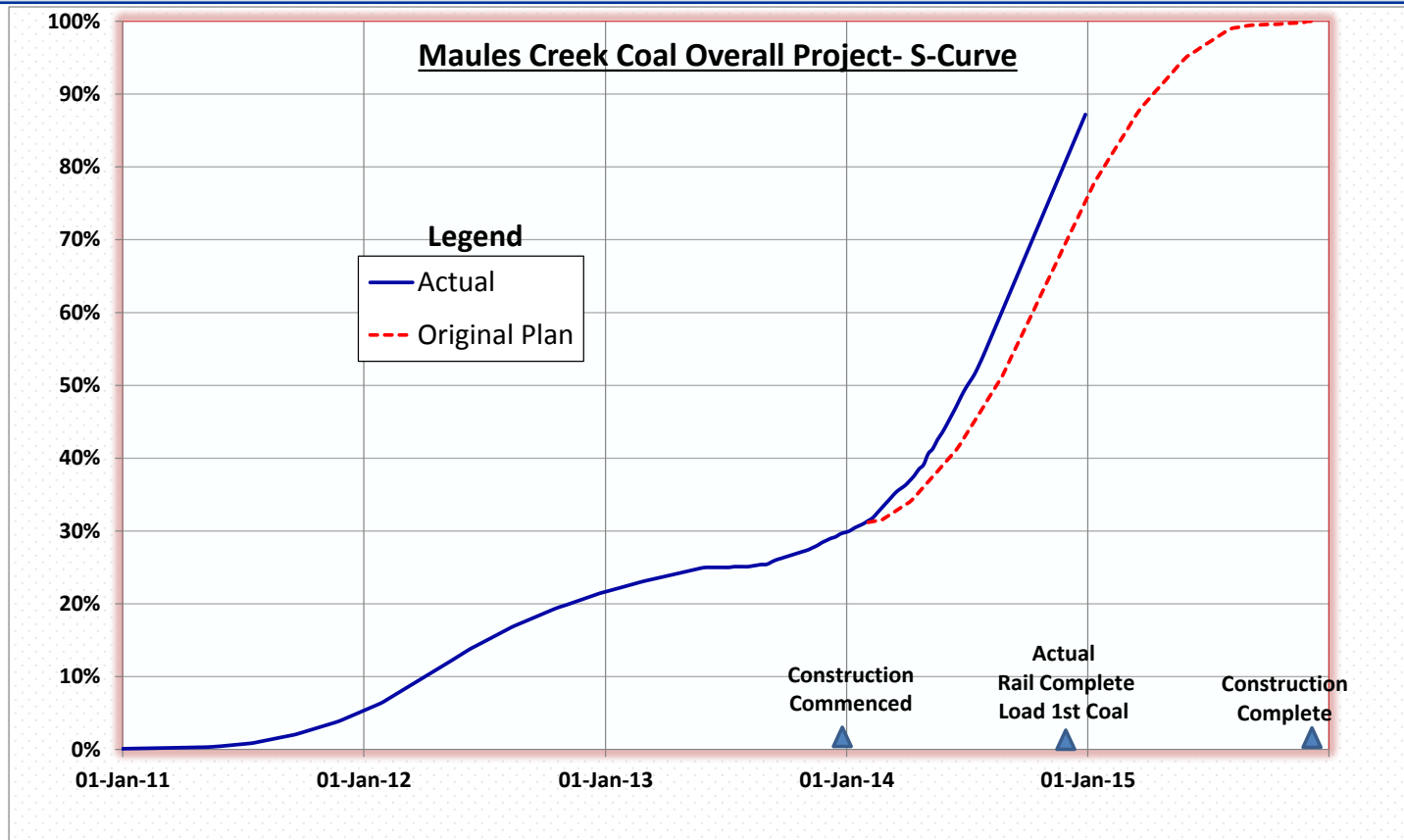
# Maules Creek construction progress



First coal railed mid-December (three months ahead of schedule) after completion of rail line and by-pass circuit

Total capex expected \$25 million lower than original estimate of \$767 million

Revenue from coal sales net of costs will be credited to the total capex until the project is declared commercial



**First coal railed three months ahead of schedule**



# Maules Creek mining progress



Coal mining commenced in December 2014, three months ahead of schedule

Installed mining capacity to reach 6.0Mtpa from mid-March

“Commercial” production likely from 1 July 2015 when CHPP completed and commissioned



**Mining rate ramping up to 6.0Mtpa**



# Maules Creek progress



Coal sales priced at SCOTA index with an energy adjustment, sold out for the first year

Metallurgical coal production will commence in the second half of this year when CHPP is available



**Initial thermal coal sales at SCOTA pricing**

# Narrabri – exceeding expectations



ROM production to exceed 6.5Mt in FY2015

Longwall changeout time will decline when an additional shearer, beam stage loader and crusher are on site

Decision on moving to wider panels and other operating changes likely in the current half

Wider panel face (~400 metres)

- Increases annual productivity of mine
- Lowers operating costs
- Is a low risk option
- Lessens road development over LOM

**One of the most productive underground mines in Australia**



# Vickery update



Approval granted by NSW Government in September 2014

## Vickery Project Key Elements

## Details

Location

About 25kms north of Gunnedah

Resources and Reserves

Reserves of 204Mt contained within a Resource of 508Mt

Ownership

Whitehaven 100%. Seeking to form a Joint Venture by selling up to 30% of the project to potential customers

Coal Quality

Similar to Maules Creek – SSCC, PCI and high quality thermal coal

Project Concept

Low startup capital open cut mine producing 4.5Mtpa ROM coal initially trucked to the Gunnedah CHPP for washing and loading onto trains

Startup

Earliest production likely after Maules Creek is fully ramped

**Another significant growth option**

# Community contribution



Whitehaven employed 761 people as at 31 December 2014 with 74% living in the region surrounding its operating mines

Wages paid to employees provide significant economic benefits to the region

Recruitment at Maules Creek progressively increasing (150 new employees at 31 December 2014 increasing to 450 people when at full capacity)

Whitehaven is focused on widening the diversity of the workforce and is hiring more women and aboriginal employees as part of the Maules Creek project

Whitehaven provides donations and sponsorship to the local community for worthy causes

Increased engagement with local Aboriginal community includes working with Reconciliation Australia on development of Reconciliation Action Plan

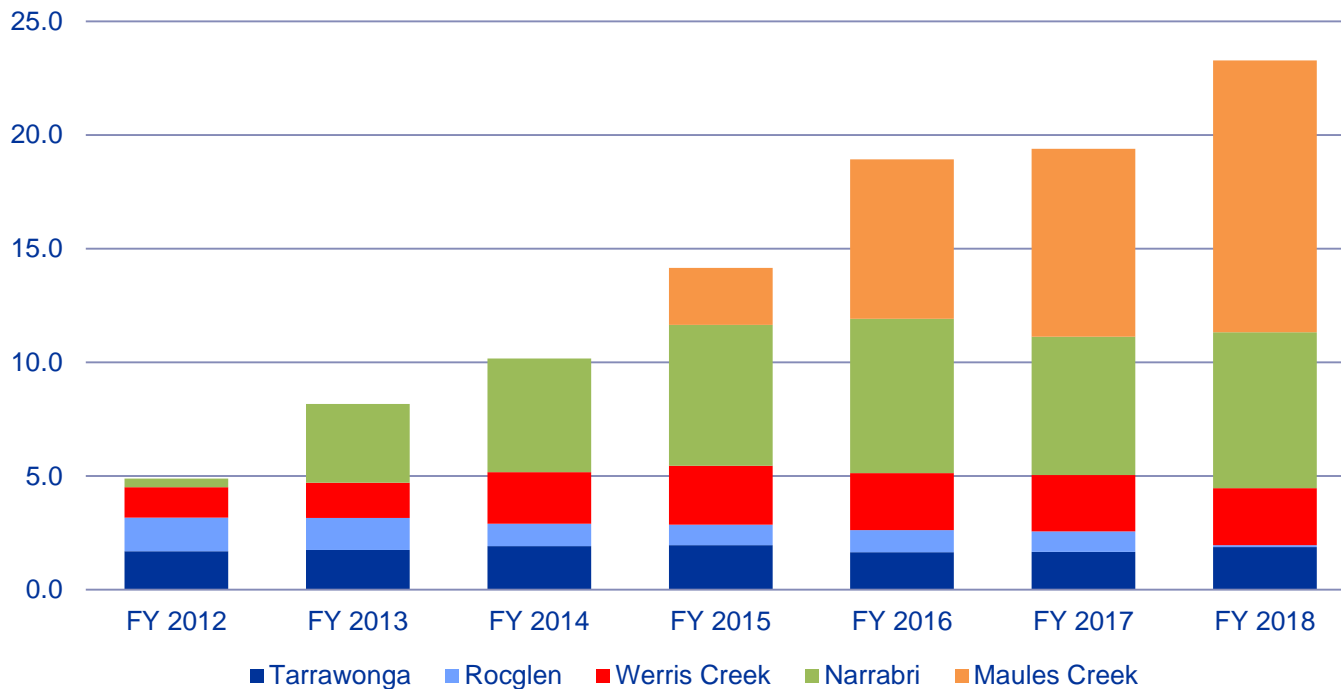


**Significant contribution to the local community**

# Investment proposition – low cost growth



## Saleable Coal Production by Mine (Mt)



Production is expected to more than double by FY2018 as Maules Creek ramps up to 13Mtpa ROM coal

Saleable production in FY2015 is expected to be about 14Mt on a 100% basis (includes 2.5Mt pre-commercial sales from Maules Creek)

The Vickery project provides another growth option beyond FY2018

Note: Graph depicts saleable coal on a 100% basis including coal destined for domestic and export sales and excludes coal purchases  
 Data shown for the year ending 30 June. These estimates relate to planned future events and expectations and as such, involve known and unknown risks and uncertainties. The actual production is likely to vary on an annual basis as a function of supply, demand and other market conditions.

**Production to double in three years**

# Company focus



**Maintaining focus on improving safety performance at all operations**

**Increasing production at Maules Creek as new equipment is added to the mining fleet**

**Completing construction of Maules Creek ahead of schedule and under budget**

**Driving further efficiencies and seeking additional cost reductions across the business**

**Implementing a long term financing plan that aligns funding requirements and mine life**

**Determining expansion options for Narrabri**

**Creating Australia's premier ASX listed coal company**



# Thank you

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

