



WHITEHAVEN COAL

ANNUAL RESULTS

27 August 2014

ANNUAL FINANCIAL RESULTS FY2014 – DELIVERING ON TARGETS

FINANCIAL PERFORMANCE

- Operating EBITDA (excluding significant items) of \$90.4 million for the financial year, 429% higher than the previous year
- Sales revenue of \$755.4 million for the year, 21% higher than the previous year, attributed to increased coal sales and slightly higher average coal price
- Net loss after tax (NLAT) and after significant items, of \$38.4 million, a significant improvement from the loss after tax and significant items of \$88.7 million in the previous financial year, reflecting
 - Improved operational performance at all of the mines
 - Reduced costs from several major suppliers to the company
- Fully absorbed costs fell 9% from an average of \$76/t in FY2013 to \$69/t in FY2014
- Underlying cash flow and financial position - \$103.2 million cash available with net debt of \$685.2 million compared to \$110.5 million cash available and net debt of \$471.6 million at 30 June 2013
- Increased debt used to fund the construction of the Maules Creek project
- Significant turnaround in cash flow from operations with \$108.6 million generated by the current operations in FY2014 compared to the cash outflow of \$32.3 million in FY2013

OPERATING HIGHLIGHTS

- Improved safety performance across all the mines following the introduction of the “Safehaven Rules” across the company with the company reporting its lowest TRIFR rate for 5 years
- All Narrabri thermal coal produced is at or better than benchmark specification
- Record production from Werris Creek, Tarrawonga and Narrabri mines during the year with saleable coal production reaching 8.2Mt (equity basis) for the year, 23% higher than the preceding year
- Resolved all legal hurdles which enabled construction of the Maules Creek project to commence in late December
- Construction at Maules Creek began in December with the project over 50% complete at year end and remains on budget and time for first coal to be railed in March 2015
- Completed the expansion of the Werris Creek mine which increased production capacity at the mine to 2.5Mtpa
- Narrabri successfully completed the second longwall changeout on schedule and on budget and exceeded nameplate capacity after operating for only two years
- Benefits of the new centralised procurement system are becoming apparent with significant cost reductions achieved from a number of suppliers



WHITEHAVEN COAL

ANNUAL RESULTS

27 AUGUST 2014

- 9% reduction in average fully absorbed costs across the portfolio of mine assets during the year
- Captured savings by extending the current rail haulage contract until 2026
- Benefitted from a reduction in port charges following refinancing of NCIG and the deferral of the T4 project at PWCS

ECONOMIC CONTRIBUTION

During FY2014 Whitehaven and its Joint Venture partners have made a significant contribution to the New South Wales and regional economy

- Over \$110 million in wages, salaries, tax and superannuation was paid to employees
- Total site operating costs of over \$350 million with most spent in the Gunnedah and Narrabri region
- A total of \$70.8 million was paid to the NSW Government in royalties
- Over \$200 million was paid to rail and port providers for track access, haulage costs and port costs
- More than \$150,000 was contributed towards the local community through donations and sponsorships

Commenting on the results, Whitehaven Coal Managing Director Mr Paul Flynn said:

“Whitehaven completed an extraordinary year by delivering on the many targets that the company set for itself early in the year. Production records were delivered by three of the operating mines and construction of the world class Maules Creek project commenced in December and is on time and on budget.

“Our operating teams at each of the open cut mines and Narrabri performed very well with improved safety performance and outstanding production results. Narrabri achieved annualised production rates well in excess of the mine nameplate capacity for significant periods and especially in the final weeks of the year. The performance in that period points to the future potential of the mine. At Werris Creek the team took full advantage of the additional capital invested in the mine by ensuring that the new capacity level was achieved soon after the expansion work was completed. At Tarrawonga our small team was able to improve productivity across the site and produced a new production record for the mine.

“Looking ahead, commencement of construction at Maules Creek is a major milestone for Whitehaven in our target of creating Australia’s premier listed coal company. I am pleased to report that the project is on track for first coal to be railed in March 2015. The combination of Narrabri and Maules Creek, when it is fully ramped, will make Whitehaven one of the largest and lowest cost coal producers in Australia.

“Whitehaven is very positive about the longer term outlook for coal, especially the role that the high quality coals produced in the Gunnedah Basin will play. International forecasts conducted by the IEA and others indicate that global coal consumption will continue to grow for many years as developing countries lift their respective populations out of poverty. Coal remains the lowest cost fuel for electricity generation underpinning its use into the future.

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ANNUAL RESULTS

27 AUGUST 2014

FINANCIAL PERFORMANCE

A\$ millions	FY2014	FY2013
Revenue	755.4	622.2
Net loss for the period attributable to members	(38.4)	(88.7)
Add back: Significant items after tax	10.0	21.5
Net loss before significant items	(28.4)	(67.2)
Loss before tax	(56.3)	(124.4)
Add back: Net interest expense	52.8	47.1
Add back: Depreciation and amortisation	79.5	62.8
Add back: Loss on investments and asset disposals	0.1	1.9
Operating EBITDA	76.1	(12.6)
Add back: Significant items before tax and financing	14.3	29.7
Operating EBITDA before significant items	90.4	17.1

**WHITEHAVEN COAL**

ANNUAL RESULTS

27 AUGUST 2014

Gross revenue generated for FY2014 was \$755.4 million, up 21% on the previous year. Higher sales revenue was due to increased production and record sales of coal for the year.

Net loss after tax and after significant items was \$38.4 million for FY2014 representing a 57% improvement on the loss reported for the previous year. The reduction in loss was due to lower costs and improved productivity across the mine portfolio.

Whitehaven's balance sheet remains sound. Cash on hand at FY2014 year-end was \$103.2 million in line with the corporate policy of retaining at least \$100 million cash at any time. Net debt of \$685.2 million increased as capital was invested into the construction of the world class Maules Creek project. Further increases can be expected in FY2015 as construction of the Maules Creek project progresses.

Net cash inflow from operations was \$108.6 million for the year compared to a cash outflow of \$32.3 million for FY2013. The turnaround was due to lower cash costs and higher production during the year.

Existing unutilised debt facilities at the end of the financial year are sufficient to meet Maules Creek capital expenditure commitments.

	30 Jun 2014 \$'m	30 Jun 2013 \$'m
Cash on hand	103.2	110.5
Interest bearing liabilities	788.4	582.1
Net debt	685.2	471.6
Net assets	3,206.5	3,240.6
Gearing ratio	18%	13%
Undrawn syndicated facility	375.0	555.0

Note: Gearing measured as Net Debt to Net Debt plus Equity

**WHITEHAVEN COAL**

ANNUAL RESULTS

27 AUGUST 2014

SAFETY

Whitehaven is committed to providing and maintaining a safe work environment for employees at our operations, construction projects or exploration areas. We take this commitment seriously and expect those working for us to share the same level of commitment. Whitehaven recorded its lowest TRIFR rate of 14.06 (rolling average) for 5 years, significantly below the NSW coal industry average of 15.35 and a 30% reduction on the TRIFR of 20.11 reported for the previous year.

The rolling average LTIFR rate fell from 5.56 in FY2013 to 3.33 for FY2014 and is well below the NSW coal industry average. Maules Creek safety statistics have been included in the company results for the year and importantly, Maules Creek remains LTI free.

Safety highlights for the year include:

- Established the "Safehaven Rules" across all of the mine sites
- Achieved the lowest group TRIFR rate of 14.06 for over five years
- Set a new record for Planned Task Observations during the year

Improving safety performance is a key focus for management with the ultimate target of achieving zero injuries and illnesses.

OPERATING PERFORMANCE

Consolidated Equity Production and Sales (Equity Share)

Whitehaven Total - 000t	2014	2013	Movement
ROM Coal Production	9,177	7,352	+25%
Saleable Coal Production	8,161	6,630	+23%
Sales of Produced Coal	8,215	6,441	+28%
Sales of Purchased Coal	511	982	-48%
Total Coal Sales	8,726	7,423	+18%
Coal Stocks at Period End	1,275	841	+52%

**WHITEHAVEN COAL**

ANNUAL RESULTS

27 AUGUST 2014

Whitehaven continued to deliver on its production growth profile in FY2014, with production about double the level achieved in FY2012. Whitehaven expects to double production again when Maules Creek is fully ramped.

The strong operating performance and significantly improved productivity for the year was demonstrated by record production from Narrabri, Werris Creek and Tarrawonga mines. Production at Narrabri was pleasing given that one and a half longwall changeouts occurred during the year.

Expansion at Werris Creek was completed and production increased accordingly, while mining at Tarrawonga demonstrated significant productivity uplift during the year.

Coal stocks at the end of the year were higher than the previous year because of the strong production performance from all of the mines in the final quarter.

Narrabri Mine

Ownership: Whitehaven 70% and Operator; Electric Power Development Co. Ltd 7.5%; EDF Trading 7.5%; Upper Horn Investments Limited 7.5%; Daewoo International Corporation and Korea Resources Corporation 7.5%.

The mine performed strongly during the year setting a number of weekly, quarterly and full year production records (257kt in the final week of June and 1.9Mt ROM coal in the December quarter). Production was constrained by two scheduled longwall moves which reduced cutting time by about nine weeks during the year. Each move takes about six weeks and was completed on time and on budget. This was an exceptional result as the mine achieved a productivity level of about 17,000t/m/y (ROM basis) after less than two years of commercial production. Further improvements in productivity can be expected in FY2015 as coal production increases. Mining of the third longwall panel is advancing on schedule and is due to be completed early in October 2014. As the length of the longwall panels increase in the future, the number of changeouts will decline to about one each year.

Whitehaven resolved the low energy levels in the thermal coal product early in the year. The reinstallation of the upgraded by-pass circuit provides flexibility to either wash coal at 1,000tph or by-pass the entirety of the production of Narrabri enabling all thermal coal product to meet Newcastle thermal coal benchmark specifications.

Whitehaven assumed operating responsibility of the CHPP from a contractor in February 2014. The company expects to reduce costs and operate more efficiently following the change.

Production for the next year is expected to be about 6.5Mt ROM coal and 6.2Mt saleable product.

Narrabri Mine - 000t (100% basis)	2014	2013	Movement
ROM Coal Production	5,659	3,679	54%
Saleable Coal Production	5,249	3,466	51%
Sales of Produced Coal	5,145	3,328	55%
Coal Stocks at Period End	556	199	179%

**WHITEHAVEN COAL**

ANNUAL RESULTS

27 AUGUST 2014

Tarrawonga Mine

Ownership: Whitehaven 70% and Operator and Idemitsu 30%

The Tarrawonga Mine performed strongly in 2014 and exceeded its production target of 1.8Mt saleable coal for the year creating a new production record of 1.91Mt for the full year. A changed mine plan with a lower strip ratio combined with a focus on improved productivity by higher utilisation of equipment helped to establish this production record.

Production for the next year is expected to be about 2.0Mt of ROM coal and 1.9Mt of saleable coal.

Tarrawonga Mine – 000t (100% basis)	2014	2013	Movement
ROM Coal Production	2,194	2,055	7%
Saleable Coal Production	1,914	1,751	9%
Sales of Produced Coal	1,975	1,648	20%
Coal Stocks at Period End	327	338	(3%)

Rocglen Mine

Ownership: Whitehaven 100%

The operational review completed in the second half of 2013 led to a reduction in both the mine's workforce and the strip ratio leading to reduced mining costs. However, mining conditions in FY2014 were difficult and production was less than anticipated. The key reason for the difficulties was the complex structural conditions which necessitated a higher proportion of washing.

Production for next year is expected to be about 1.2Mt ROM coal and 0.9Mt saleable product.

Rocglen Mine – 000t (100% basis)	2014	2013	Movement
ROM Coal Production	1,324	1,354	(2%)
Saleable Coal Production	836	1,006	(17%)
Sales of Produced Coal	905	1,002	(10%)
Coal Stocks at Period End	240	134	+79%

**WHITEHAVEN COAL**

ANNUAL RESULTS

27 AUGUST 2014

Werris Creek Mine

Ownership: Whitehaven 100%

A recently completed expansion has increased the capacity of the mine by 0.5Mtpa to 2.5Mtpa. The expansion effectively refreshed the mine for the remainder of its life and has led to productivity improvements as employee levels have remained unchanged. Following upgrades to the facilities, the mine is forecast to maintain its position as Whitehaven's lowest cost producer.

The mine performed strongly in the second half of the year setting new production records for the final quarter and full year. Improved mining conditions and renewed focus by the management team combined with the increased installed capacity helped set the new records.

Production for the next year is expected to be about 2.5Mt.

Werris Creek Mine – 000t (100% basis)	2014	2013	Movement
ROM Coal Production	2,356	1,677	40%
Saleable Coal Production	2,310	1,547	49%
Sales of Produced Coal	2,326	1,510	54%
Coal Stocks at Period End	415	323	28%



WHITEHAVEN COAL

ANNUAL RESULTS

27 AUGUST 2014

DEVELOPMENT PROJECTS

Maules Creek

Ownership: Whitehaven 75% and Operator; ICRA MC Pty Ltd (an entity associated with Itochu Corporation) 15%; J-Power Australia Pty Ltd 10%.

Maules Creek is currently the largest coal project being built in Australia. The project has passed the halfway mark following the start of construction in December 2013 and is on schedule and on budget with first coal expected to be railed from the project in March 2015. The longest lead time component of the project is the construction of the rail line and loop which has to be completed before coal can be transported to market.

Construction of the Maules Creek project will cost an estimated \$767 million including a contingency of about \$70 million. On the basis of capex per tonne of installed capacity, a commonly used comparative measure for coal projects, the Maules Creek project is extremely low cost at \$64/t of annual saleable production. This low development cost will ensure robust returns to Whitehaven shareholders.

Maules Creek will produce high energy, low ash and low sulphur coals that will attract strong demand from both power companies and steel makers. The thermal coal can be sold to customers without washing. It will be a sought after product in Japan and Korea where customers are focused on capturing the environmental benefits provided by high quality coal.

Whitehaven intends to maintain its policy of hiring from the local Gunnedah and Narrabri region so a large proportion of the jobs created by Maules Creek will be sourced locally. Our employment policy, combined with Voluntary Planning Agreements with the local Council, will see significant economic benefits flow directly to the local community and businesses. The first round of hiring for Maules Creek attracted more than 1800 applications, highlighting the strong interest levels of people wanting to work at the project.

Pre-commercial ROM production for FY2015 is expected to be about 2.1Mt of coal with sales of about 1.8Mt.

Vickery

Ownership: Whitehaven 100%

Whitehaven anticipates that the NSW Department of Planning and Infrastructure is likely to approve the Vickery project following Whitehaven reaching agreement on Voluntary Planning Agreements with the two local Councils. The agreements will lead to Whitehaven funding a number of infrastructure projects in the local region. Federal Government approval is not required for Vickery.

Whitehaven owns 100% of the Vickery project and intends to seek joint venture partners for the project. Several parties have already expressed their interest in the project.

Vickery is located about 25km north of Gunnedah and has a JORC Reserve of 204Mt. A low capital cost startup is possible by utilising the existing Gunnedah CHPP to wash the coal. Production levels of up to 4.5Mtpa can be hauled to the Gunnedah plant for washing and loading onto trains. In the longer term production can be increased to over 8Mtpa by additional capital expenditure. A dedicated rail linkage would be part of the stage 2 expansion.

Vickery coal is comparable to coal that will be produced at Maules Creek



WHITEHAVEN COAL

ANNUAL RESULTS

27 AUGUST 2014

Other Projects

Whitehaven has several other exploration and potential development projects in Queensland and New South Wales. In the current market environment the company is focused on maintaining the tenements in good standing but is limiting spending on those tenements.

INFRASTRUCTURE

Rail Track:

Whitehaven has rail contracts with the Australian Rail Track Corporation (ARTC) to meet current and planned growth in production. In recent years ARTC has been upgrading the Gunnedah Basin rail network to cater for the expected increase in production from Whitehaven and other producers. One of the key deliverables for ARTC was to upgrade the network to be able to run 30 tonne axle loads. Testing of the network, using 30 tonne axle load locomotives, has been ongoing since August 2013. The track upgrade is on target to accommodate full 30 tonne axle load operations to coincide with the commencement of production from Maules Creek.

Rail Haulage:

Whitehaven has two rail haulage contracts in place that extend to 2026. Whitehaven's current operating contract with Pacific National was renegotiated in late 2013 and extended to 2026. The revised contract commenced on 1 January 2014. Haulage costs under the new contract were reduced from the previous contract because fewer, larger trains are required.

Whitehaven's second haulage contract is with Aurizon. The contract is aligned to the startup of Maules Creek. Large 30 tonne axle load trains will be used and Aurizon will provide additional trains progressively as Maules Creek ramps up to its fully approved capacity.

Port Capacity:

The company has port capacity at NCIG through Whitehaven's equity share of the coal terminal and at the PWCS terminal. NCIG is important for Whitehaven as it enables the blending of coal on dedicated stockpiles prior to loading.

Whitehaven had surplus port capacity in 2014 as a result of approval delays that impacted the commencement of construction of Maules Creek. Surplus port capacity will diminish as production at Maules Creek is increased and by 2017. Whitehaven will require additional port capacity as Maules Creek ramps up to its approved production levels. Discussions are underway with a number of companies to secure the additional port capacity for 2017 and beyond.

CORPORATE

Whitehaven has taken a major step to lift its marketing capabilities in its largest market by opening an office in Tokyo and engaging a highly regarded Japanese coal marketing executive to lead the sales and marketing effort. Whitehaven has also appointed a well credentialed and highly experienced EGM Marketing to lead the marketing team.



WHITEHAVEN COAL

ANNUAL RESULTS

27 AUGUST 2014

Whitehaven completed the financing and procurement arrangements for the mining fleet required for initial production of 6Mtpa at the Maules Creek. The equipment consists of 300t and 170t trucks, excavators and other ancillary equipment.

Whitehaven restructured its Bank Debt Facility and realigned the covenant test date following approval related delays to the Maules Creek project. The most likely interest covenant ratio test date is now deferred until 31 December 2015.

The Australian Taxation Office paid Whitehaven a refund of \$25 million in income taxes and interest following resolution of a long standing exploration claim by the company.

OUTLOOK

Whitehaven's aim is to become the premier independent coal company listed in Australia. A significant step in achieving this goal has been the successful development of the Narrabri underground coal mine which has now exceeded its nameplate capacity. Commencement of production from the world class Maules Creek project in the March quarter of 2015 will lead to a doubling of low cost coal production and will transform Whitehaven into becoming Australia's largest independent coal producer.

Management focus will remain on further cost reductions across the business. Whitehaven expects to become one of the lowest cost producers in Australia and sit firmly in the first quartile of the cost curve for Australian coal producers.

Both thermal and metallurgical coal prices are at cyclical lows with supply continuing to exceed strong underlying demand. With mine closures announced around the world, the outlook for prices should improve gradually over the rest of this year. For example, over 20Mtpa of metallurgical coal production has been closed over the past few months and recently a thermal coal mine was placed into care and maintenance in Australia. In addition, China has announced proposed policy changes that may lead to significant production cuts across its domestic industry. All of these developments will be positive for the coal markets over the next few months.

Whitehaven's coal products are in strong demand and with more high quality coal to come from Maules Creek the company is well placed to grow its sales into the future.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Michael Van Maanen - Media

T: 0412 500 351

E: Michael.vanmaanen@newgatecomms.com.au

Ian McAleese – GM Investor Relations

T: 02 8507 9714 M: 0427 227 530

E: imcaleese@whitehavencoal.com.au