



WHITEHAVEN COAL

HALF YEAR RESULTS

30 JANUARY 2015

ACHIEVING MAJOR MILESTONES IN A YEAR OF DELIVERY

FIRST HALF FINANCIAL RESULTS FY2015

Whitehaven Coal Limited today announced its first half FY2015 financial results. Operating EBITDA before significant items for the period was \$52.1 million, slightly down from the \$55.0 million recorded for the previous corresponding half.

The key achievement in the half was commencement of mining and railing coal from the Maules Creek project three months ahead of schedule. Production ramp up from Maules Creek, the largest coal mine under construction in Australia, will ensure that Whitehaven is well placed to deliver on plans to become Australia's leading independent coal company.

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

"We are delighted to have achieved a wide range of very positive financial, strategic and operational outcomes during the half in spite of a lacklustre coal market.

"Importantly we have been able to commence production at our Maules Creek project three months ahead of schedule. The early start was a reflection of the high quality team responsible for overseeing the construction of the project. Maules Creek will be transformational for Whitehaven as it will double production of the high quality sought after Gunnedah basin coals produced by Whitehaven.

"It is pleasing to note that over 40 trains have been railed from Maules since railings began in December.

"Whitehaven has been able to maintain its EBITDA margin in a period of falling prices by improving the efficiency of each of its operations and continuing with sustainable cost cutting at all of its mines. The 6% reduction in costs from the previous half and 11% reduction from the previous corresponding half was pleasing and shows our leadership teams are making a difference.

"The combination of record half production and sales and a six week longwall changeout highlights the strong operating performance of Narabri and provides confidence that the mine can achieve its full year production target.

"The fundamentals of the business are continuing to improve with new low cost production established at Maules Creek and more upside potential identified at Narabri. These two tier one assets will underpin Whitehaven for many years into the future.

"Whitehaven is progressing the refinancing of its debt facilities and expects to be able to complete the activity in the current half.

"While not ignoring the current weakness in coal markets, we remain confident that coal has a growing role to play in the world's future energy requirements and that the high quality coals produced by Whitehaven will be in strong demand from Whitehaven's key Asian markets for many years into the future

**WHITEHAVEN COAL**

HALF YEAR RESULTS

30 JANUARY 2015

FINANCIAL PERFORMANCE

	H1 FY2015 \$'M	H1 FY2014 \$'M	Movement
Revenue	371.8	405.5	(8%)
Net loss for the period attributable to members	(77.9)	(11.6)	(572%)
Add back: Significant items after tax	65.5	2.7	2326%
Net loss before significant items	(12.4)	(8.9)	(39%)
Profit / (loss) before net financial expense	(85.8)	11.7	(833%)
Add back: Depreciation and amortisation	46.4	39.3	18%
Add back: Loss on disposal of fixed assets	-	0.1	-
Operating EBITDA	(39.4)	51.1	(177%)
Add back: Significant items before tax and financing	91.5	3.9	2246%
Operating EBITDA before significant items	52.1	55.0	(5%)

- Revenue from coal sales of \$371.8 million, down 8% as higher coal sales were not sufficient to offset lower average prices compared to the previous corresponding period;
- Average FOB costs of \$63/t for the half, down 11% from the previous corresponding period, as a result of continued sustainable cost cutting across the portfolio of mines and a reduction in rail and Newcastle port charges;
- Operating EBITDA (excluding significant items) of \$52.1 million for the half year, down 5% from the EBITDA of \$55.0 million (excluding significant items) reported for the previous corresponding period;
- Net loss after tax (NLAT), before significant items, of \$12.4 million, compared to the loss of \$8.9 million reported in the previous corresponding period;
- Whitehaven did not declare a dividend for the period.

**WHITEHAVEN COAL**

HALF YEAR RESULTS

30 JANUARY 2015

CAPITAL MANAGEMENT

	31-Dec 2015 \$'M	30-Jun 2014 \$'M
Cash on hand	111.6	103.2
Senior secured bank facilities	850.0	625.0
Other interest bearing liabilities	149.0	163.4
Total interest bearing liabilities	999.0	788.4
Net debt position	887.4	685.2
Net assets	3,118.1	3,206.5
Gearing ratio ¹	22%	18%
Undrawn facilities	200.0	375.0

1. Net Debt to Net Debt plus Equity

- Cash flow from operations during the half was \$54.1 million compared to \$78.3 million in the previous corresponding half;
- Sustaining capital expenditure at the operating mines and interest was met from operating cash flow;
- Total interest bearing liabilities at 31 December 2014 were \$999.0 million. This represents an increase of \$210.6 million relative to the position at 30 June 2014 (\$788.4 million);
- Gearing increased marginally to 22% at 31 December 2014 (30 June 2014: 18%) in line with the \$225 million draw down in the Corporate Facility;
- Cash balance of \$111.6 million at the end of the half year.



WHITEHAVEN COAL

HALF YEAR RESULTS

30 JANUARY 2015

OPERATIONAL HIGHLIGHTS FOR THE HALF YEAR

- Safety performance continued to improve over the first half.
- First coal railed from Maules Creek three months ahead of schedule.
- Construction of Maules Creek over 87% complete, ahead of schedule and on budget.
- Over 40 trains loaded and dispatched to Newcastle by the end of January.
- Mining equipment ordered for the expansion to 8.5Mtpa from the initial rate of 6.0Mtpa.
- Record sales of 6.0Mt (managed) and 4.7Mt (equity) for the half.
- Record saleable coal production of 4.4Mt (equity basis) for the half, 9% higher than in the previous corresponding period.
- Successfully completed the third longwall changeout at Narrabri ahead of six week schedule.
- Cost reduction programmes across all of the operations delivered an average cost of \$63/t in the half, down from \$71/t in the previous corresponding half.
- EBITDA margin increased notwithstanding further weakness in the coal price.
- The Vickery project received approval from the NSW Minister for Planning.

SAFETY

Whitehaven is committed to protecting workers from injury or illness while working at any of our operations, construction projects or exploration areas. Following the introduction of Whitehaven's "Safehaven Rules" in early 2014 there has been an ongoing improvement in safety outcomes across the company. The trend continued in the first half of FY2015 where on a Whitehaven group basis the twelve month rolling average TRIFR fell to 9.49 in December 2014. Pleasingly the twelve month rolling average LTIFR also declined and was 2.23 at the end of December with both measures significantly below the NSW coal mine average.

**WHITEHAVEN COAL**

HALF YEAR RESULTS

30 JANUARY 2015

OPERATING PERFORMANCE

Whitehaven's Consolidated Equity Production and Sales

Whitehaven Total - 000t	H1 FY2015	H1 FY2014	Movement
ROM Coal Production	4,457	4,636	(4%)
Saleable Coal Production	4,429	4,081	+9%
Sales of Produced Coal	4,713	4,302	+10%
Sales of Purchased Coal	-	204	-
Total Coal Sales	4,713	4,506	+5%
Coal Stocks at Period End	730	907	(19%)

Coal sales and saleable coal production for the first half were new company records for Whitehaven. ROM coal production was lower than the previous corresponding half as the Narrabri longwall did not produce any coal during the scheduled six week changeout period.

UNDERGROUND OPERATIONS

Narrabri Mine

Whitehaven 70%

Narrabri Mine - 000t	H1 FY2015	H1 FY2014	Movement
ROM Coal Production	2,852	3,287	(13%)
Saleable Coal Production	3,052	2,913	+5%
Sales of Produced Coal	3,196	2,858	+12%
Coal Stocks at Period End	148	521	(72%)

Note – the table above is based on managed volumes.

**WHITEHAVEN COAL**

HALF YEAR RESULTS

30 JANUARY 2015

Record saleable coal production of 3.052Mt from Narrabri in the first half was achieved by the mine in a period when six weeks cutting time was lost due to the scheduled longwall changeout. The strong operating performance of the mine provides confidence that the full year target of 6.5Mt ROM coal can be achieved. ROM coal production of 2.852Mt ROM coal (annualised 7.4Mtpa) for the half year was 13% lower than the previous corresponding period and saleable coal production was 5% higher than the previous corresponding period. The planned six week longwall changeout was completed ahead of schedule with mining recommencing on 30 November.

Early in the half the longwall control systems were upgraded and processes were improved. By implementing the upgraded software, full shearer automation was attained enabling longwall productivity and horizon control to improve significantly. The longwall will continue to operate with this system in the future.

A decision was made during the quarter to pursue the feasibility of extending the longwall face to about 400 metres as the superior optimization path for Narrabri in lieu of top coal caving. The key attributes of a wider longwall face compared to top coal caving are lower operating risk, higher incremental production and reduced underground development, all of which can be achieved for a similar capital cost. A decision on the project is likely in the current half.

The Narrabri Mine is expected to produce in excess 6.5Mt ROM coal for the financial year.

OPEN CUT OPERATIONS

Tarrawonga - Whitehaven 70%; Rocglen, Werris Creek and Gunnedah CHPP - Whitehaven 100%.

Open Cuts – 000t	H1 FY2015	H1 FY2014	Movement
ROM Coal Production	2,711	2,655	+2%
Saleable Coal Production	2,563	2,296	+12%
Sales of Produced Coal	2,799	2,591	+8%
Coal Stocks at Period End	617	634	(3%)

Note – the table above is based on managed volumes

The three open cut mines (Tarrawonga, Rocglen and Werris Creek) performed in line with expectations and plan during the first half of FY2015. ROM coal production increased by 2% to 2.7Mt and saleable coal production grew 12% to 2.6Mt when compared to the previous corresponding period. Coal sales increased by 8% to 2.8Mt for the half.



WHITEHAVEN COAL

HALF YEAR RESULTS

30 JANUARY 2015

DEVELOPMENT PROJECTS

Maules Creek

Whitehaven 75%

A major milestone was achieved at Maules Creek during the half year with the commencement of coal railings in mid-December. The initial coal railings were three months ahead of schedule and reflect positively on the high quality construction and operating teams in place at the mine.

ROM and saleable coal production for the half were 94kt and 54kt respectively.

The mining rate at Maules Creek will progressively increase during the second half of FY2015 with installed mining capacity in place to operate at an annualised rate of 6.0Mt by mid-March following commissioning of the full fleet of the ultra-class and ancillary mining equipment. The number of employees will also gradually increase from 151 at the end of December to 180 from March 2015 as people are recruited to operate the additional mining equipment. Orders have been placed for more mining equipment that will be used to increase production to an annualised rate of 8.5Mt. This equipment is expected to start arriving onsite at the end of CY2015 and be operational from early CY2016.

Construction activity at Maules Creek is progressing ahead of schedule and was 87% complete at the end of December.

The construction workforce on site has begun to wind down as work is completed on the major elements of the project. The two major components remaining to be completed are the assembly and erection of the coal handling and preparation plant (CHPP) and the coal reclaimers from the product stockpiles. The washing section of the CHPP is due to be completed in early May and will be commissioned over a two month period enabling the production of metallurgical coal products from July 2015.

Total capex for the project was originally budgeted at \$767 million including contingencies on a 100% basis. Whitehaven currently expects capex for the project to be about \$25 million under the original budget.

Vickery

Whitehaven 100%

Whitehaven received notification from the NSW Department of Planning and Environment in September 2014 that the NSW Minister for Planning has approved the project application for the Vickery project.

Whitehaven owns 100% of the Vickery project and is actively seeking to form a joint venture with potential customers by selling down up to a 30% interest in the project. Potential joint venture partners may be supplied with similar coal from the Maules Creek mine until the Vickery project comes into production.

Timing for startup of the Vickery project is still to be determined but is unlikely to occur prior to Maules Creek ramping up to its approved production level of 13Mtpa. As is usual with project approvals Whitehaven has committed to observe a range of conditions to ensure that the environmental impacts arising from the project are properly minimised. Federal Government approval is not required for Vickery as mining had previously occurred in the project area. Vickery is located on flat open pastoral land largely owned by Whitehaven



WHITEHAVEN COAL

HALF YEAR RESULTS

30 JANUARY 2015

Other Projects

Whitehaven has interests in a number of other coal exploration projects, including Ferndale, Dingo, Sienna, Monto, Ashford and Oaklands North in Queensland and NSW. Spending on these projects during the half was limited to the level required to ensure the assets are maintained in good standing with Government authorities.

OUTLOOK

In the short term the market for both thermal and metallurgical coals is in surplus. Global production cuts in excess of 25Mtpa in metallurgical coal are expected to help to return the market to balance in 2015. Continuing economic growth in Asia combined with production cuts will bring the Asian seaborne thermal coal market into balance. Whitehaven's production is fully committed to sales for the balance of FY2015.

The medium to long term outlook for coal remains strong, underpinned by expected growth in global energy demand over the next 20 years. The IEA in its recently released Medium Term Market Report 2014 forecasts that global coal demand will increase by 1,143Mt in the period from 2013 to 2019, a growth rate of 2.3% per year. Most of this growth will come from the Asian region with China, India and ASEAN countries providing the demand growth. This is the region where Whitehaven sells all of its coal production.

With Maules Creek moving into production, Whitehaven's portfolio of mines includes two large, low cost, world class mines which when combined with the existing open cut mines positions Whitehaven favourably to support increasing demand for high quality energy sources. The Vickery project provides another longer term, large scale growth option for Whitehaven. The combination of long life reserves and key infrastructure provides Whitehaven with the flexibility to expand production capacity in line with customer needs.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Michael Van Maanen - Media

M: 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