



## WHITEHAVEN COAL LIMITED

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### Market Update and Institutional Placement & Share Purchase Plan

- Record performance for 4<sup>th</sup> quarter FY09
- FY09 NPAT guidance of \$75 million (+/- 5%)<sup>1</sup>
- Narrabri development remains on schedule and budget
- Negotiations regarding the potential sale of a further 7.5% of Narrabri
- Fully underwritten Institutional Placement to raise approximately \$176 million
- Share Purchase Plan (SPP) for up to \$15,000 per shareholder

#### Record performance for 4<sup>th</sup> quarter FY2009

On 24 July, 2009 Whitehaven Coal Limited ("Whitehaven") (ASX: WHC) released its quarterly report for the period ended 30 June, 2009. Highlights from the quarterly report included:

- record saleable coal production of 990,000t for the June quarter (100% basis), up 36% on the previous corresponding period.
- construction of the Narrabri Project (Stage 1) continues to progress on schedule and on budget – underground drift entries are due to reach the coal seam in late 2009.

#### FY09 NPAT and dividend guidance<sup>1</sup>

Whitehaven's FY09 audit is underway and audited annual accounts are expected to be released in September 2009, together with the 2009 Annual Report. In light of the capital raising, the company is providing the following FY09 earnings guidance, subject to any year end audit adjustments and finalisation of tax calculations:

- operating earnings before interest, tax, depreciation and amortisation ("EBITDA")<sup>1</sup> is expected to be \$130 million (+/-5%).
- operating net profit after tax ("NPAT")<sup>1</sup> is expected to be \$75 million (+/-5%).
- attributable sales volumes were approximately 3.6 Mt.

The earnings guidance represents a significant increase on FY08 earnings.

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<sup>1</sup> The results are unaudited and subject to year end accounting adjustments. Income tax expense has been estimated at a rate of 30% and will be finalised as part of the year end accounts subject to audit. Excludes significant items of profit on sales of Narrabri JV interests and other non-recurring items

“The result for FY09 is pleasing given the uncertain economic climate, and reflects both the structural strength in demand for coal and the strong operational performance delivered by Whitehaven’s management and employees,” Whitehaven Managing Director Mr Tony Haggarty said.

“Pleasingly, this strong operating performance has coincided with significant progress in the implementation of Whitehaven’s growth plans with the Rocglen and Sunnyside mines coming into operation, and development of stage 1 of the Narrabri project progressing well.”

Whitehaven’s FY09 final dividend is yet to be determined. However, it is expected that the payout ratio will be close to the target ratio of 50% of operating net profit after tax. Based on earnings guidance, this would correspond to a final fully-franked FY09 dividend of around 5.5 cents per share, payable on all existing shares and new shares issued under the Institutional Placement and the SPP (see below for details).

The Board will determine the final dividend following the finalisation of the annual accounts.

### **Negotiations regarding the potential sale of a further 7.5% of Narrabri**

Whitehaven is in advanced negotiations with a substantial overseas group in relation to the sale of a further 7.5% of the Narrabri project. Off-take arrangements for coal at market prices form an important part of the transaction terms. If concluded, this transaction would further diversify counterparty and market risk for the Narrabri project by securing coal supply to different markets than those serviced by the existing Narrabri joint venture parties.

The sale value being discussed is consistent with the previous joint venture transactions with J-Power and EDF and reinforces the value of the Narrabri project.

If the transaction proceeds, funds would likely be received in installments with the final payment due in 2010 or 2011. Proceeds from the sale are not required for Whitehaven’s development projects but would provide an additional cash buffer for future initiatives and enhanced balance sheet flexibility.

The transaction is incomplete and remains subject to final due diligence and approvals. Whitehaven will make further announcements as negotiations progress.

### **Fully underwritten Institutional Placement to raise approximately \$176 million**

Whitehaven announced today that it will raise approximately \$176 million via a fully underwritten institutional placement of approximately 60.7 million new shares (“Institutional Placement”). The placement issue price will be determined by a bookbuild with an underwritten floor price of \$2.90 per share. New shares issued under the Institutional Placement will rank equally with existing shares and will be entitled to receive the final dividend.

Cash raised from the Institutional Placement will be used to:

- assist in funding growth opportunities and strategic initiatives;
- increase working capital to manage lumpy cashflows; and
- strengthen the company’s balance sheet.

The Institutional Placement is also expected to increase free float and liquidity in Whitehaven’s shares and move the company closer to its objective of inclusion in the S&P/ASX 200 index.

### **Share Purchase Plan of up to \$15,000 per eligible shareholder**

Whitehaven also intends to offer retail investors an opportunity to participate in the capital raising through a non-underwritten share purchase plan (“SPP”).

Under the terms of the SPP, shareholders with an Australian or New Zealand registered address who are on the register on the record date, Tuesday 4 August 2009, will be able to subscribe for up to \$15,000 worth of shares (subject to receipt of ASX waiver)<sup>1</sup>.

The offer price under the SPP will be the Institutional Placement price.

Proceeds raised under the SPP will be used for working capital purposes. Shares issued under the SPP will be entitled to receive the final dividend.

Further detail on the SPP will be provided to shareholders in due course.

Grant Samuel is acting as financial adviser to Whitehaven and UBS AG and Wilson HTM are acting as joint lead managers and underwriters of the Institutional Placement.

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<sup>1</sup> Whitehaven will be seeking a waiver from the ASX to offer up to \$15,000 worth of shares under the SPP.