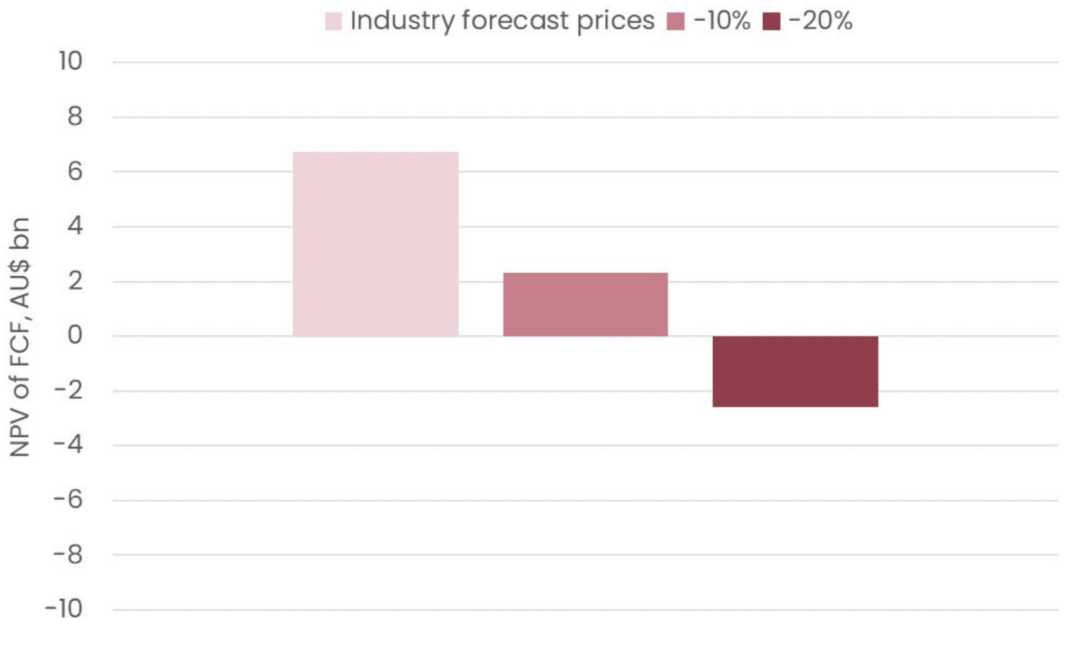
Whitehaven Coal
Empirical demonstration of value destruction via expansion strategy

Shareholders urged to vote **FOR** shareholder resolutions (items 8 and 9) and **AGAINST** director re-election (item 3)

MARKET FORCES

Growth plans a long-term gamble on coal

Coal price sensitivity analysis for NPV of FCF, "Expansion" case



Source: Market Forces modelling
FCF is net of major growth capex

Whitehaven is asking investors to back a **major long-term production growth** push.

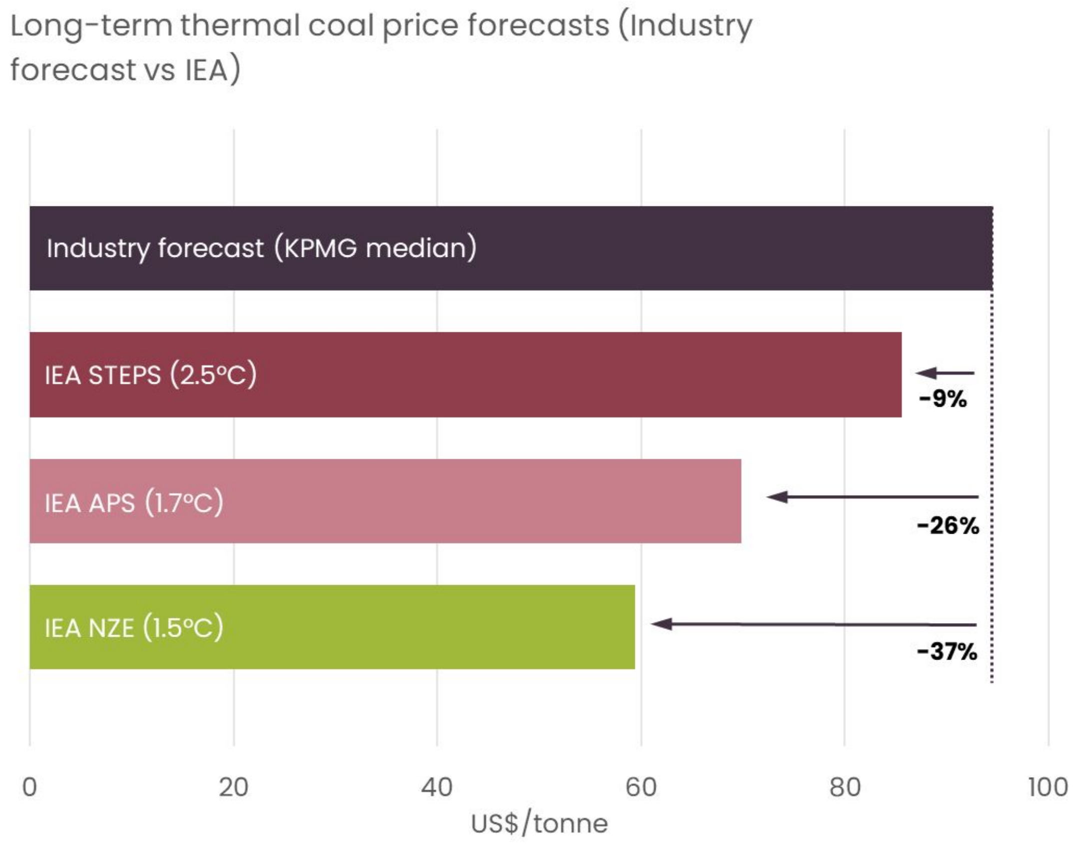
Yet it has not produced any analysis to show this strategy stacks up in a declining coal market.

New modelling of the company's free cash flow shows Whitehaven **would struggle to generate positive value under a 10-20% drop in coal prices** if it pursues growth plans.

These plans require major medium-term sacrifices for a reckless gamble on unreasonably high long-term coal price forecasts.

For Whitehaven to succeed, climate policy must fail

MARKET FORCES



Source: KPMG, IEA
Long term prices are average of 2030 & 2040 for IEA, and as reported by KPMG

Whitehaven's growth plans clearly hinge on the failure of existing climate policies.

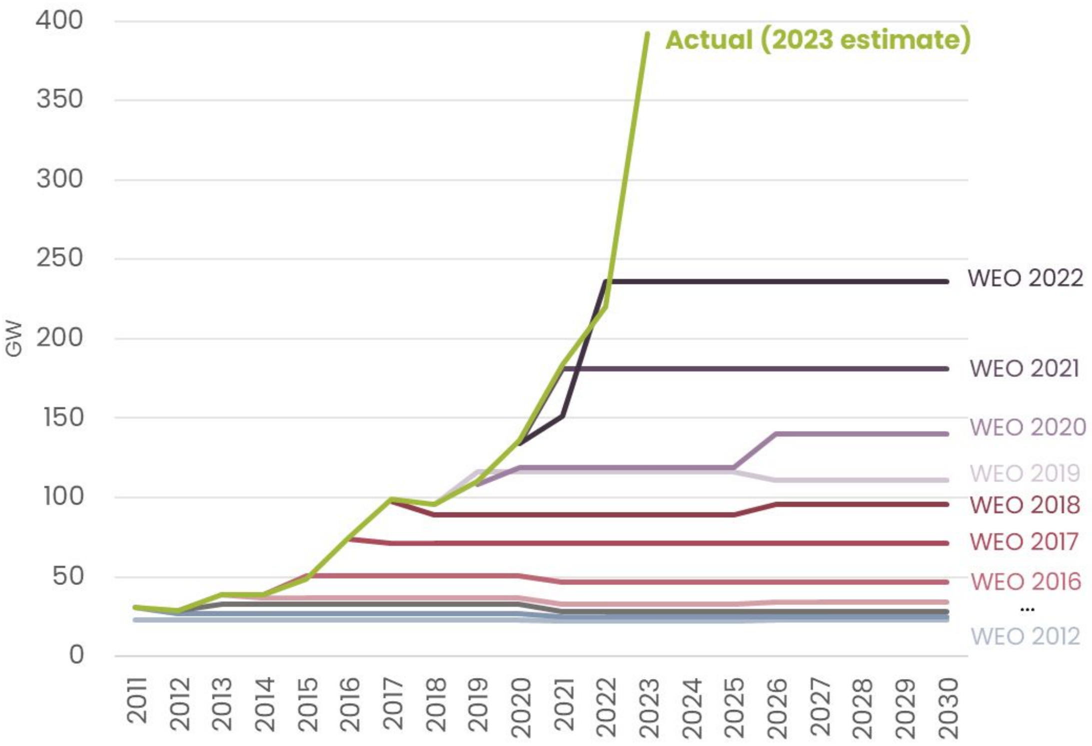
IEA STEPS (2.5°C of global warming), incorporating today's climate policies, projects 9% lower long-term prices than industry forecast baseline.

Stronger climate action such as in the IEA Announced Pledges Scenario (1.7°C) and Net Zero scenario (1.5°C) would result in much lower prices.

If price drops applied across its portfolio, **Whitehaven would be loss-making under APS and NZE.**

Current policies a poor guide for coal's future

IEA STEPS annual solar PV additions, forecast by WEO report vs actual



Source: IEA, BNEF (2023 estimate)
Refers to the NPS scenario in 2011-2018. Credit to Auke Hoekstra for original idea

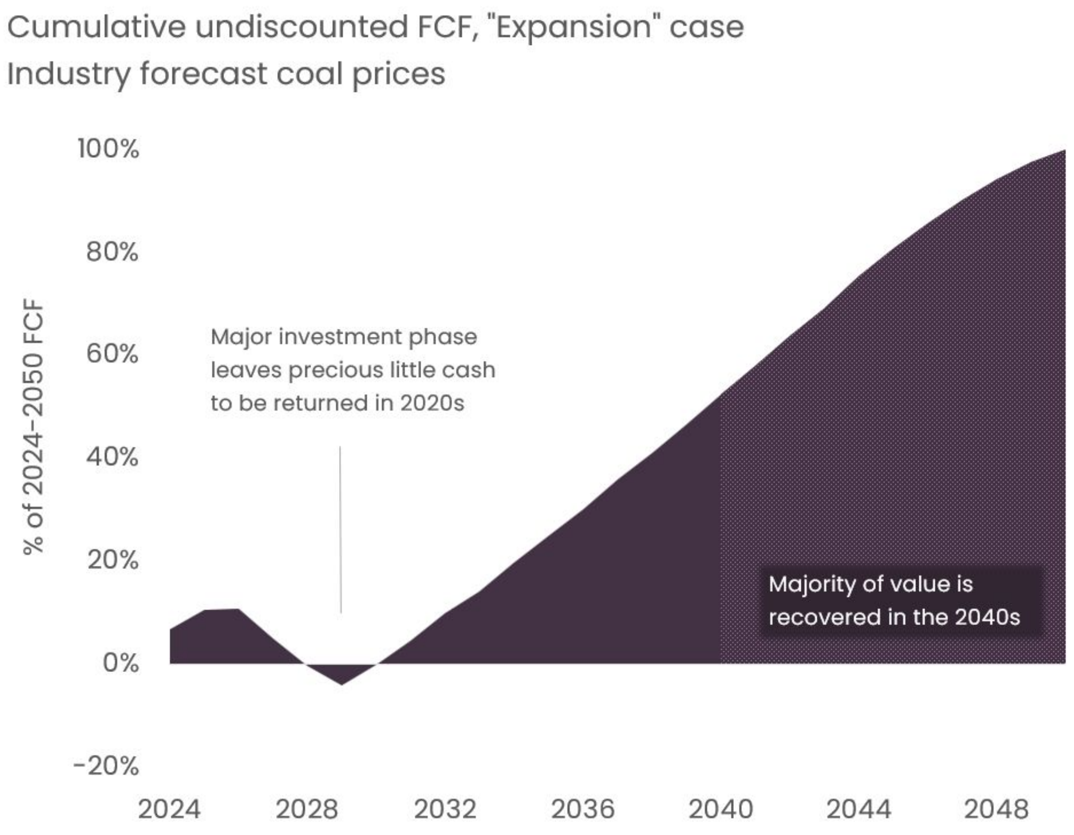
Current policy settings as modelled by IEA have **failed to predict** the stratospheric growth of renewables.

Every year IEA's base case has projected solar growth will flatline, and every year it increases instead.

Whitehaven should be planning for a larger disruption to its business model than current policies imply - yet is **doing the opposite**.

Investors must view a 9% price drop against industry forecasts as a best case scenario for Whitehaven.

Expansion means waiting for payoff unlikely to materialise



Source: Market Forces modelling
FCF is net of major growth capex

Realising Whitehaven's growth plans would require **~A$4.7bn in additional capex this decade** - equal to the last 5 years of net operating cash flow.

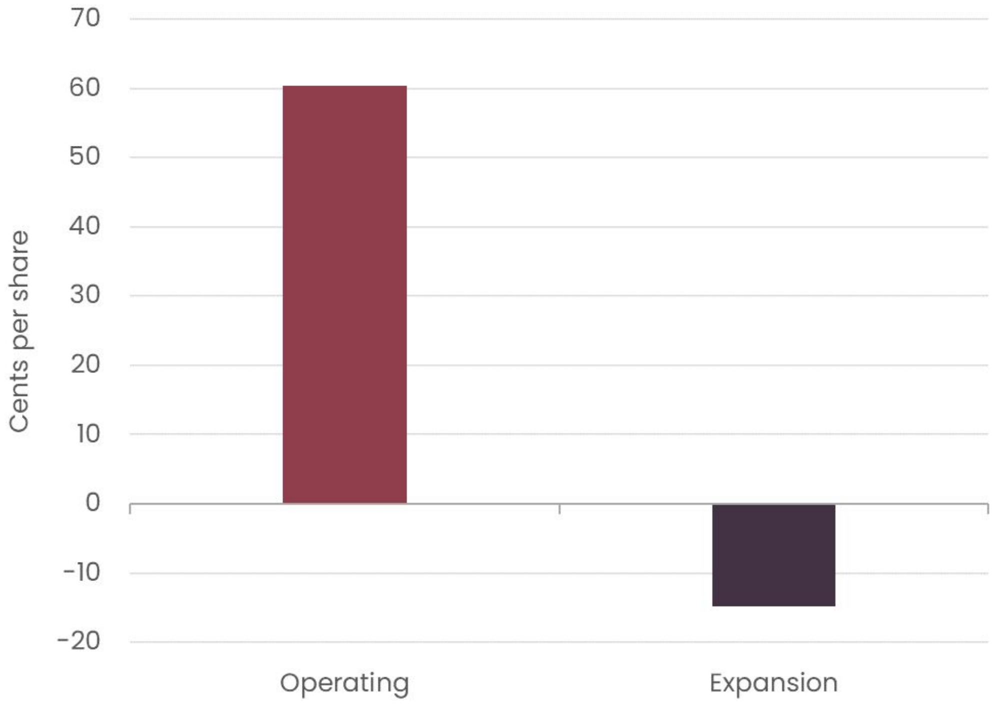
Even under industry forecast prices (>2.5°C warming and failure of today's climate policies), **Whitehaven would generate very little FCF this decade**.

Whitehaven is asking investors to **suffer through poor returns for several years** in exchange for a risky bet on long-term coal markets.

As we show, this bet is entirely unreasonable - core markets are already poised to shrink without any further policy shifts.

Focusing on capital returns would pay off

Annual average FCF per share (2024-2029), Industry forecast prices



Source: Market Forces modelling
For a more detailed description of our scenarios, see the attached investor briefing and methodology

Whitehaven can realise billions in free cash flow for shareholders by simply running down its existing assets.

We estimate **~A$3bn FCF this decade (~60¢ per share per year) if the company scraps its misguided growth plans**.

This is before considering potential operating cost savings from streamlining the business.

If growth plans are axed, Whitehaven could maintain dividends even under 10-20% lower prices - making for a far more resilient company.

Investors should encourage a more sensible strategy given the market shifts that are already taking place.

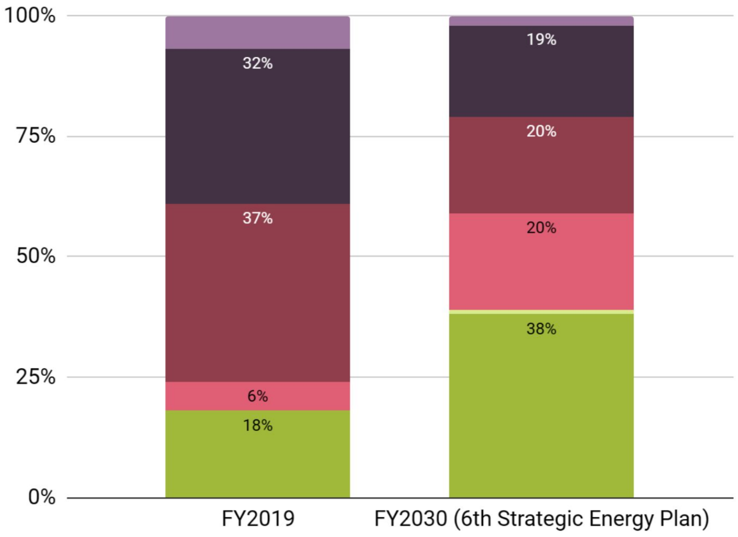
Future demand in Asia is substantively declining

Whitehaven's expansion strategy is already being undermined by policies in its core markets.

Japan, Korea and Taiwan – which made up **78% of FY22 revenue** – have ***legislated* net zero by 2050 commitments**.

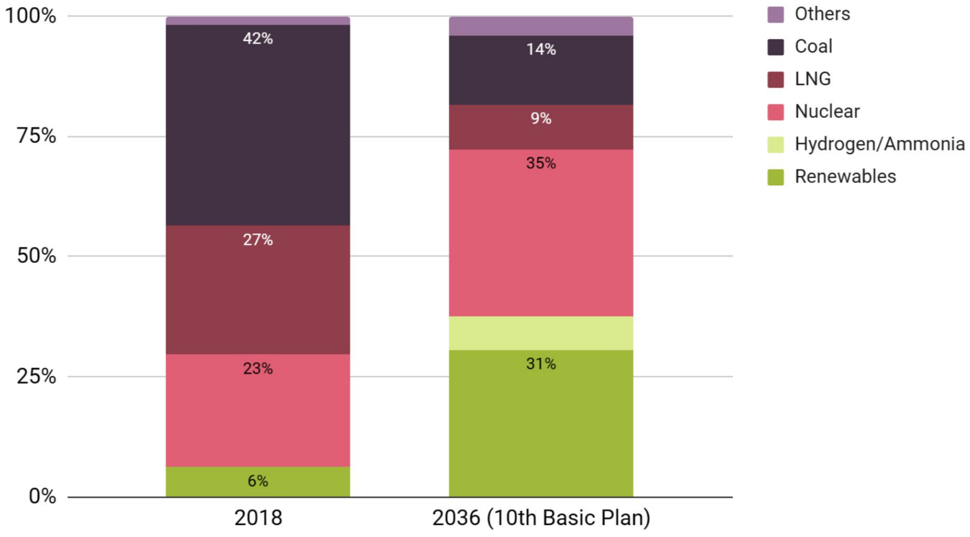
Japan is planning to close around 100 of its 140 coal-fired power plants by 2030 and has cancelled plans for any new coal power stations. South Korea is planning to reduce coal-fired power generation by 40% by 2030. The pipeline of proposed capacity in Southeast Asia more than halved from 2015 to 2021.

Japan power system energy mix



Source: [Ministry of Economy,Trade & Industry]

South Korea power system energy mix



Source: [Bloomberg] citing Ministry of Trade, Industry & Energy

Seaborne coal prices soften, production costs rise

MARKET FORCES

"Queensland [is] the highest coal taxing regime in the world"

- Mike Henry, CEO BHP June 2023

"On balance, we view the higher royalty rates [in NSW] as negative for EPS and NAV, and also believe it will disincentive companies to invest in new projects and brownfields growth (such as WHC's larger Vickery greenfield thermal coal project)"

- Goldman Sachs, September 2023

"Goldman Sachs says new coal royalty rates in New South Wales will make it harder for miners to justify expansions, placing a question mark on future developments and curbing earnings for the sector's big players."

- Stockhead, September 2023

"Whitehaven Coal has seen its insurance costs roughly double over the last two years"

- Reuters, September 2023

Consensus price forecasts for Newcastle thermal coal show a steep decline to an average of US$131/t in 2025, from $357/t in 2022.

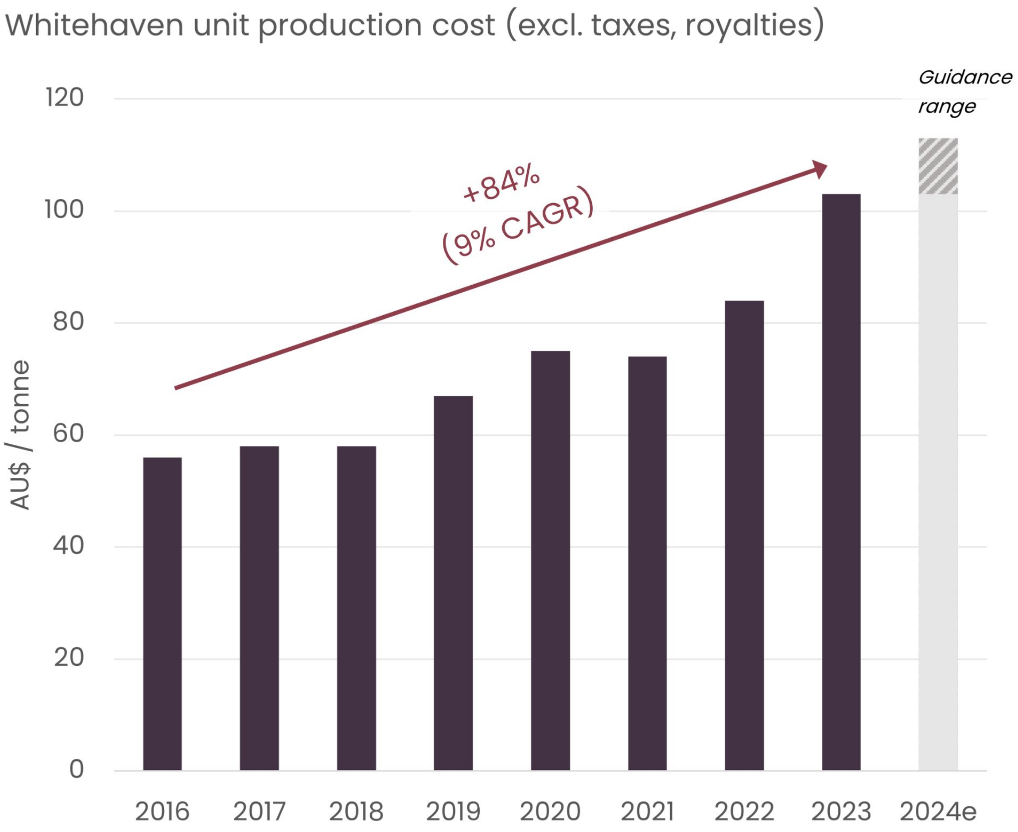
This is still well above long-term prices in the IEA NZE of around $50-60/t (2022 real).

The trend in the consensus price forecast is running opposite to Whitehaven's production costs (see next slide).

With governments increasing appetites to tax coal miners, and a shrinking market of insurers and banks willing to support coal companies, external costs are only set to increase further.

Seaborne coal prices soften, production costs rise

MARKET FORCES



Source: Whitehaven Coal
Whitehaven financial years

Response to Whitehaven notice of meeting claims

MARKET FORCES

Whitehaven attempts to dismiss the **Capital Protection** resolution based on the size of proponents' shareholdings. Yet investor support for these requests for additional disclosures has increased exponentially year on year, reaching **21% in 2022.**

The call for Whitehaven to disclose how it intends to protect capital in a manner consistent with a net zero-aligned world rather than squander it on a high-risk expansion strategy has never been more pertinent.

Contrary to Whitehaven's claims of "supporting the energy security and economic development goals of customers in Asia", the company's growth plans hinge on the failure of already legislated climate targets and policies of its key markets. Whitehaven claims to support the Paris Agreement climate goals, and notes its customer countries are signatories, yet the company stands to destroy billions in shareholder value through growth plans that are antithetical to the Paris goals.

In 2023 Whitehaven is at a clear crossroads. The era of windfall profits is behind it, an era of increasing costs of production, debt, insurance and royalties, *and* rapidly shrinking markets lies ahead. **The company must demonstrate how it will manage capital rationally, in the best interests of shareholders, and facing the reality of declining demand.**

Shareholders urged to vote:

- **FOR** 'Capital Protection' advisory shareholder resolution (item 9) and its enabling resolution (item 8)
- **AGAINST** director re-election (item 3)