



DECEMBER 2012 QUARTER HIGHLIGHTS

Thousands of tonnes	Quarter Ending			YTD		
	Dec 12	Dec 11	Change	Dec 12	Dec 11	Change
ROM Coal Production – 100%	2,367	1,209	+96%	4,274	2,549	+68%
Saleable Coal Production - 100%	1,991	1,110	+79%	3,625	2,464	+47%
Total Coal Sales – 100%	2,081	1,427	+46%	3,924	3,289	+19%
Saleable Coal Production - Equity	1,607	961	+67%	2,982	2,155	+38%
Total Coal Sales - Equity	1,710	1,289	+33%	3,325	2,997	+11%

- Narrabri ramp-up progressing with 1,063 thousand tonnes produced in Q2
- Maules Creek development approved by NSW Government, awaiting EPBC approval from Federal Government
- Corporate re-financing process including \$1.2 billion facility completed December 2012
- Long term rail haulage contract entered into with Aurizon
- ROM open cut production up 6% from the previous corresponding period
- Sunnyside mine on care and maintenance, Werris Creek to expand
- Continued focus on reducing operating costs and improving efficiencies
- Weak coal markets and strong AUD\$ depress first half revenue
- Whitehaven first half realized thermal coal price also reduced by higher moisture in Narrabri thermal coal during ramp-up and under-performance of some off-take contracts
- First half EBITDA expected to be less than \$10 million and second half expected to be similar if coal markets and the high AUD\$ remain unchanged
- First half NPAT will also be affected by a write-down of low-value coal inventory to Net Realisable Value (NRV), asset adjustments associated with the Sunnyside Mine being placed on care and maintenance and the derailment at Boggabri disrupting the Narrabri mine operations during December 2012
- Audited half year financial results are scheduled for release on 26th February



Highlights - Coal Production

- Whitehaven's ROM coal production during the December quarter was 2.367 million tonnes (Mt) on a 100% basis, up 96% on the previous corresponding period, with saleable coal production of 1.991 Mt, up 79% on the previous corresponding period.

Open Cut Production and Development

- Whitehaven's open cut mines (Tarrawonga, Werris Creek, Rocglen and Sunnyside) generally performed satisfactorily during the quarter with an increase in ROM production of 17% over the same period last year to 1.303 Mt, an annual rate of around 5.2 Mtpa.
- In late November 2012, Whitehaven suspended mining at its Sunnyside mine and placed the mine on care and maintenance. This decision was taken as a result of the continued decline in global coal prices, which has made this small, relatively high-cost mine uneconomic. The ROM coal stocks of approximately 0.16 Mt at Sunnyside at the end of December 2012 will continue to be sold during FY 2013.
- As previously announced, approximately 0.4 million tonnes per year (Mtpa) of ROM coal production lost from the suspension of mining at Sunnyside is planned to be offset by increasing production at Werris Creek, from the current planned rate of 2.0 Mtpa to the approved limit of 2.5 Mtpa. This will be achieved by the introduction of a larger excavator and trucks at Werris Creek to boost overburden capacity, with additional coal production of approximately 0.1 Mt in the second half of FY 2013 and 0.5 Mt in FY 2014. Werris Creek is Whitehaven's lowest cost mine and produces coal of a superior quality and value to Sunnyside.
- Since the end of the quarter, the New South Wales Planning Assessment Commission (PAC) has determined to approve Whitehaven's Tarrawonga Coal Mine Expansion Project, subject to a series of stringent conditions. The project is now awaiting approval from the Federal Department of Sustainability, Environment, Water Population and Communities.
- The Tarrawonga mine currently has consent to extract 16.4 Mt of coal, at a rate of up to 2.0 Mtpa, until 2017. Under the expansion project, Whitehaven is seeking to expand the mine to the east of the approved mining area, increase the production rate from 2.0 Mtpa to 3.0 Mtpa and extend the project life to 2030.
- Preparations for expansion and reconfiguration of Tarrawonga in line with this life-of-mine approval application have led to longer haul distances and higher short-term mining costs, but this will revert to normal as this re-configuration proceeds. It is likely that a number of new, larger trucks will be introduced to Tarrawonga in the second half of FY 2013 to replace smaller, hired equipment.
- The re-location of infrastructure and upgrade to rail loading facilities at Werris Creek is underway, in line with the life-of-mine approval received last year. Production at Werris Creek is improving steadily and, as reported separately, a larger excavator and trucks will be deployed at Werris Creek in the next few months to increase capacity to 2.5 Mtpa in FY 2014.
- The Rocglen mine performed as expected during the quarter although poorer coal quality continues in the current mining location requiring a higher proportion of coal to be washed, with a consequential reduction in saleable coal yield. Coal quality in the various seams mined at Rocglen varies considerably and the mix of ROM quality varies from month to month as a result. No significant change in average ROM quality over the year is expected.



Narrabri Longwall

- As announced previously, the Narrabri longwall was installed during the June quarter and is currently being ramped up to target capacity of 6 Mtpa. Narrabri produced 1.063 Mt during the December quarter, of which 0.939 Mt was from the longwall.
- Most start-up engineering issues have been addressed in conjunction with the manufacturer, Caterpillar (Bucyrus), as is typical for a new installation of this type. Overall, the longwall is performing well and is demonstrating its capacity to achieve high production rates (best 8.5 hour shift so far of ~15,000 tonnes and best 3-shift day so far ~30,000 tonnes).
- As with any installation of a new longwall into a new mining environment, there is a significant learning curve as experience is gained with the mining conditions and the machinery. The Narrabri management and workforce are responding very well and the focus now is on achieving consistent daily and weekly production at the targeted production rates.
- Early issues with cutting the relatively hard Narrabri coal have largely been resolved. The faulty “hi-set” and bypass hydraulic valves on the longwall shields have now been replaced and good progress has also been made with automation software, which was operational in December. Operators are now training in bi-directional cutting to further increase cutting rates.
- On November 28th a train carrying Narrabri’s coal derailed near Boggabri, damaging a section of line and making the rail line impassable. The Australian Rail track Authority (ARTC) undertook extensive emergency repairs to the line and it was re-opened on December 20th.
- While stockpile capacity was extended at the mine, full capacity was reached during the rail closure period and longwall production ceased. Beneficial maintenance activities were undertaken on the longwall while it was not in operation, including removal and refurbishment of shearer cutter drums. Longwall production recommenced on December 28th.
- The longwall has now retreated approximately 769 metres in total and roof caving is occurring as expected. Retreat has now occurred through the un-conditioned roof area and caving continued to occur favourably, with some of the best production having been achieved in this area. This is very positive for future extraction without pre-conditioning.
- The caving characteristics of the coal behind the longwall continue to be favourable for Top Coal Caving (TCC), including under the un-conditioned roof area, and final feasibility studies are now progressing to assess the technical and economic viability of retro-fitting the longwall for TCC. If technically feasible, this extraction method has the potential to increase the recoverable reserve at Narrabri by 50%, and/or to increase annual production toward the approved rate of 8 Mtpa.
- Narrabri underground development continued during the December quarter with four continuous miners operating. Narrabri mining conditions remain excellent and main road development has advanced beyond longwall panel #3, with installation of the maingate conveyor for longwall panel #3 completed and development of LW panel 103 now underway. Development of the maingate for longwall panel #2 is well underway and, at planned longwall extraction rates and development rates, longwall panel #2 is expected to be ready to accommodate the first longwall change. However, there is no surplus time in the schedule and development rates need to be maintained to avoid any delay.
- Based on current results and expectations, Narrabri is expected to produce approximately 4.0 Mt of ROM coal in FY 2013.
- Narrabri continues to successfully drain in-seam gas (85% CO₂) to levels below the threshold required for continuous mining and no gas issues have been experienced so far with longwall extraction. Similarly, the spontaneous combustion management system is working as planned with no evidence of any issues to date.



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- Infrastructure at Narrabri is operating satisfactorily, however the CHPP is yet to consistently operate at its design capacity of 1,000 tph. A number of issues are being addressed with Sedgman, the CHPP construction contractor, in relation to performance.
- Whitehaven is implementing an upgrade to the original Stage 1 raw coal crushing and stacking system, which is currently unutilised. When upgraded in April 2013, this will provide an additional 1,000 tph of raw saleable coal crushing and stacking capacity, which will provide redundancy for the CHPP and additional capacity if and when required.
- Other issues currently being addressed at Narrabri are excessive moisture in the thermal coal product (the finer sized product), arising from a fixed amount of longwall water (dust suppression and equipment cooling) being applied to a lower tonnage of ROM coal as production ramps up. Excess free water has been identified and controlled and further action is underway to address this issue, which will also improve naturally as production increases. The availability of the Stage 1 raw coal crushing system will also assist in minimising thermal coal moisture.
- There has also been an issue with non-metallic contamination (plastic pipe and fibreglass bolts) finding its way into the product coal and Narrabri management is working with Sedgman to modify screening to address this.
- As reported regularly over the last several years, Narrabri has experienced difficulty in recruiting experienced underground miners and professional staff to achieve the full complement of people at Narrabri. This situation has improved markedly in recent months and Narrabri currently has close to its full complement, albeit still with a high proportion of contract labour. Further progress is expected over the remainder of the year in increasing the proportion of permanent labour in the workforce.

Maules Creek Project

- The New South Wales Government has now approved the Maules Creek project, subject to appropriate conditions. Whitehaven is now seeking approval from the Federal Government under the Environment Protection and Biodiversity Conservation Act (EPBC) and is continuing to work to ensure that development schedules remain on track, once all approvals are granted. First coal sales are currently expected in mid-calendar year 2014.
- Development contracts continue to be progressed and, following a formal Decision to Mine by the Joint Venture partners, which will be made when all approvals are to hand, project construction is ready to commence.
- Maules Creek is expected to ramp up to annual saleable production of 10.5 Mt by 2016. As reported previously, following a detailed review of the Maules Creek capital budget, capital expenditure to first coal is expected to be approximately \$766 million. Of this amount, approximately \$140 million had been spent at 31 December 2012, leaving approximately \$626 million to spend (Whitehaven 75% share \$470 million).
- The detailed review of Maules Creek development and operating plans also confirms the expectation of average FOB cash operating costs of approximately A\$62.50 per tonne for Maules Creek (excluding royalties). This is a very competitive cost structure, largely driven by Maules Creek's relatively low overburden stripping ratio of 6.4 bcm per tonne of ROM coal.
- This relatively low FOB cash cost, combined with a relatively low development capital cost per annual tonne of capacity and the high value of the saleable coal, confirms the strong economics and substantial value of this project. Despite the current weakness in coal markets, Whitehaven intends to bring the mine into operation as soon as possible.



Vickery Project

- Mine planning for the Vickery project has so far generated a pit design that produces 164 Mt of ROM coal at a stripping ratio of 10:1, as previously advised.
- Work is progressing to define an open cut mine plan for Vickery to produce around 4.5 Mtpa ROM for more than 25 years. With Tarrawonga coal to be processed and railed from the new Idemitsu Boggabri plant in future, Whitehaven's Gunnedah CHPP and rail loading facilities are available for Vickery. The current development plan for Vickery involves trucking ROM coal to Gunnedah CHPP for processing and loading, as is currently in place. This is an efficient use of existing infrastructure and a relatively low capital cost development of Vickery.
- The acquisition of Coalworks provides the opportunity for Whitehaven to consider the integration of Coalworks' adjacent Vickery South Joint Venture area, which is owned 49% by Itochu, into Whitehaven's Vickery project. There are compelling operational and economic benefits from combining these two assets and Whitehaven is discussing with Itochu how that might be achieved commercially.
- Whitehaven lodged an application for Project Approval for Vickery open cut in December 2012 and it is expected to be placed on public exhibit in February 2013.

Infrastructure

- Whitehaven announced on December 28th 2012 that it has entered into a long-term agreement for rail haulage services with Aurizon Operations Limited. The agreement with Aurizon is for the haulage of up to 16 Mtpa of export coal from Whitehaven's mines in the Gunnedah Basin. This capacity supplements Whitehaven's existing haulage arrangements and will be brought online progressively to meet the company's growth, including the Maules Creek project.
- The final stage of NCIG (2F) is on schedule for commissioning in mid-2013. This will take the facility to its full capacity of 66 Mtpa by late 2013, of which Whitehaven's share will be approximately 6 Mtpa.
- Following the merger with Aston, the extension of the Tarrawonga JV and the 2012 round of PWCS allocations, Whitehaven now has rolling 10-year port contracts at PWCS for 5.9 Mtpa increasing to 8.0 Mtpa in CY2015.
- Whitehaven (including Aston) has also secured a total of 16.4 Mt in additional port capacity at Newcastle, spread over the period May 2012 to June 2016. This additional capacity covers the majority of planned growth in Whitehaven's coal exports during the period prior to the planned commissioning of the PWCS T4 facility, scheduled for 2016.
- Whitehaven (including Aston) has nominated to PWCS for additional capacity entitlements and has received entitlements of an additional 7.2 Mtpa from T4. This gives Whitehaven long term entitlements of 21.2 Mtpa, following commissioning of T4. This capacity is sufficient for all of Whitehaven's growth plans except Vickery, for which capacity will be sought in due course via the annual T4 nomination process.
- Whitehaven has rail track capacity in place for current and medium term needs and is working actively with ARTC to ensure that planned upgrades are available to meet Whitehaven's needs, consistent with the ARTC track expansion works program.
- Above rail capacity is in place with the Whitehaven owned train and haulage services provided by Pacific National for approximately 10 Mt. The new Aurizon capacity will cater for Maules Creek, Vickery and any production increases from the existing open cut mines.



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- With the delay to Narrabri ramp-up last year and the lengthy delay to the Maules Creek approval, Whitehaven has surplus port and rail track capacity in FY 2013 and FY 2014. This is a significant cost, expected to add approximately \$4/t to cash FOB cost in FY 2013.
- The company recently appointed Jonathan Vandervoort as Executive General Manager, Infrastructure. Mr Vandervoort commenced in mid-January 2013 and is responsible for providing infrastructure to support Whitehaven's existing and developing mining operations, as well as for new projects.
- The company has also recently appointed Jamie Frankcombe as Executive General Manager, Operations. Mr Frankcombe will commence on February 4th.

Corporate

- Whitehaven had cash on hand at 31 December of \$84 million and had drawn \$350 million from its recently announced bank facility of \$1.2 billion.
- The facility has a four year tenor and provides Whitehaven with lines of credit up to A\$1.2 billion including revolving, term and guarantee facilities. Underwritten by Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Macquarie Bank Limited and National Australia Bank Limited, these new facilities replaced the company's existing bank facilities and provide funding for general corporate purposes and capital expenditure.
- Whitehaven had a total of approximately US\$51 million in forward US\$/A\$ exchange contracts at the end of December, at an average exchange rate of AUD 1.00 = US\$ 0.96939.
- Whitehaven is committed to driving down costs and improving efficiencies and a key focus for management will be the continuation of reducing mine operating costs and overheads and extracting operational savings and efficiencies in the face of continuing low coal prices and the high AUD\$.
- The integration of Whitehaven, Aston and Boardwalk as previously advised is complete. The three companies are now operating as one and the Group remains on track to realise the synergies as outlined in the Scheme Booklet at the time of the merger. Key synergies once Maules Creek is operational will include reduction in costs from the procurement of tyres, fuel, explosives, above rail services, electricity, banking facilities and other corporate costs.
- Longer-term synergies continue to be expected from extensive coal blending opportunities and integrated rail and port infrastructure synergies once Maules Creek is in operation. The acquisition of Boardwalk and Aston by Whitehaven also resulted in a step-up in the tax base of those companies' assets, generating tax synergies.

Coal Sales and Coal Market Outlook

- Coal sales for the December quarter were 2.081 Mt (100% basis), up 46% on the previous corresponding period. Sales of purchased coal were 0.113 Mt in the December quarter, down 70% compared to the previous corresponding period. Export sales comprised 0.343 Mt of metallurgical coal and 1.684 Mt of thermal coal, with domestic thermal coal sales of 0.054 Mt.
- The benchmark price of Whitehaven's metallurgical product, Newcastle semi-soft coking coal (SSCC) has remained stable at around US\$113.50/t FOB in the December quarter and this is expected to continue in the March quarter.
- The monthly index price of standard Newcastle thermal coal (NEWC 6,000 kcal/kg) has risen from around US\$89 per tonne in September to over US\$93/t in January.
- After allowing for approximately 8% NSW royalty and 5% exchange rate loss, the net revenue for spot thermal coal still remains at or below the FOB cash cost per tonne of many producers.



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- In Whitehaven's case, managed annual SSCC sales of around 1.4 Mtpa are expected to our existing customers, along with some prospects of PCI sales from Narrabri of around 0.3Mt, although in the current market winning new business at reasonable prices is very difficult.
- For FY 2013, Whitehaven is currently expecting to sell around 9 Mt of coal (100% basis) including approximately 500 Kt of purchased coal (including approximately 100Kt to cover off the Narrabri derailment). While coal purchases are still required for quality blending, this coal is typically being purchased and sold at index with no profit or loss being incurred. Sales on an equity basis are expected to be around 7.2 Mt, in line with current broker consensus. Less than 1 Mt of the total 9 Mt of planned sales is uncommitted for FY 2013.
- Whitehaven's realised value for its thermal coal in the first half has been affected adversely by two factors; relatively high moisture/lower energy of Narrabri thermal coal, for reasons outlined in the operations report, and underperformance under two thermal coal off-take contracts. The high moisture and consequential lower energy of the Narrabri thermal coal, combined with this reduced off-take, has required sale of coal into lower-priced thermal coal markets. These issues are expected to persist into the second half of FY 2013, although Narrabri thermal coal moisture is expected to improve in Q4 as described in the operations report.
- Generally, sales into these lower priced thermal markets are fixed price to June 2013 on variable tonnage at an average expected price of US\$ 75.80/t FOB. Whitehaven expects to complete the sale of the Sunnyside coal inventory during this period into these markets. Progress is also being made in resolving the issues with off-take contracts and Whitehaven expects to be able to provide further details regarding this as part of the half year financial report.

QUARTERLY REPORT



WHITEHAVEN COAL

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WHITEHAVEN PRODUCTION DATA - MANAGED BASIS

Thousands of tonnes	Quarter Ending			Year to Date		
	Dec-12	Dec-11	% Change	Dec-12	Dec-11	% Change

Gunnedah Operations (100%)

ROM Coal Production	938	809	16%	1,934	1,673	16%
Saleable Coal Production	824	692	19%	1,573	1,505	4%
Sales of Produced Coal	809	652	24%	1,581	1,487	6%
Sales of Purchased Coal**	113	381	-70%	424	831	-49%
Total Coal Sales	922	1,033	-11%	2,005	2,318	-13%
Coal Stocks at period end	428	284	51%	428	284	51%

Werris Creek (100%)

ROM Coal Production	366	302	21%	764	672	14%
Saleable Coal Production	329	302	9%	725	777	-7%
Sales of Produced Coal	330	288	15%	718	830	-14%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	330	288	15%	718	830	-14%
Coal Stocks at period end	172	95	82%	172	95	82%

Narrabri (100%)

ROM Coal Production	1,063	98	984%	1,576	204	671%
Saleable Coal Production	838	117	618%	1,327	182	631%
Sales of Produced Coal	829	106	682%	1,201	141	754%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	829	106	682%	1,201	141	754%
Coal Stocks at period end	359	92	291%	359	92	291%

Total Whitehaven Group (100%)

ROM Coal Production	2,367	1,209	96%	4,274	2,549	68%
Saleable Coal Production	1,991	1,110	79%	3,625	2,464	47%
Sales of Produced Coal	1,968	1,046	88%	3,500	2,458	42%
Sales of Purchased Coal**	113	381	-70%	424	831	-49%
Total Coal Sales	2,081	1,427	46%	3,924	3,289	19%
Coal Stocks at period end	960	471	104%	960	471	104%

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WHITEHAVEN PRODUCTION DATA - EQUITY BASIS

Thousands of tonnes	Quarter Ending			Year to Date		
	Dec-12	Dec-11	% Change	Dec-12	Dec-11	% Change

Gunnedah Operations (Equity Share)

ROM Coal Production	791	680	16%	1,651	1,411	17%
Saleable Coal Production	691	577	20%	1,328	1,251	6%
Sales of Produced Coal	687	547	26%	1,343	1,238	8%
Sales of Purchased Coal**	113	381	-70%	424	831	-49%
Total Coal Sales	800	927	-14%	1,767	2,069	-15%
Coal Stocks at period end	378	247	53%	378	247	53%

Werris Creek (100% Owned)

ROM Coal Production	366	302	21%	764	672	14%
Saleable Coal Production	329	302	9%	725	777	-7%
Sales of Produced Coal	330	288	15%	718	830	-14%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	330	288	15%	718	830	-14%
Coal Stocks at period end	172	95	82%	172	95	82%

Narrabri (Equity Share)

ROM Coal Production	744	69	984%	1,103	143	671%
Saleable Coal Production	587	82	618%	929	127	631%
Sales of Produced Coal	581	74	682%	841	98	754%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	581	74	682%	841	98	754%
Coal Stocks at period end	251	64	291%	251	64	291%

Total Whitehaven Group (Equity Share)

ROM Coal Production	1,901	1,050	81%	3,518	2,226	58%
Saleable Coal Production	1,607	961	67%	2,982	2,155	38%
Sales of Produced Coal	1,597	909	76%	2,901	2,166	34%
Sales of Purchased Coal**	113	381	-70%	424	831	-49%
Total Coal Sales	1,710	1,289	33%	3,325	2,997	11%
Coal Stocks at period end	801	406	98%	801	406	98%

** sales of externally purchased coal

Whitehaven Coal Limited - ASX Quarterly - 31 Dec 2012

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2