



Whitehaven Coal Limited Updated Guidance and Quarterly Report to 31 March 2011

UPDATED GUIDANCE

- Based on Whitehaven's expected full year coal sales of approximately 6 Mt (100% basis), underlying Net Profit After Tax (NPAT) for the year ended 30 June 2011, prior to Significant Items, is now likely to be approximately \$70 million.
- This is a reduction on the NPAT guidance range of \$83 million to \$88 million provided to the market on 22 February 2011.
- The principal reason for the revised lower underlying NPAT guidance is the deferral of metallurgical coal shipments from Newcastle to Japan during the March and June quarters. This is mainly a result of the damage caused to Japanese coal handling and steel plants from the earthquake and tsunami.
- This revised NPAT guidance remains sensitive to the timing of coal shipments at year end and any other accounting adjustments that may eventuate during finalisation of the end of year accounts.

MARCH QUARTER HIGHLIGHTS

Thousand tonnes	Quarter Ending			YTD		
	Mar 11	Mar 10	% Change	Mar 11	Mar 10	% Change
ROM Coal Production – 100%	1,196	958	+25%	3,524	3,028	+16%
Saleable Coal Production - 100%	1,033	963	+7%	3,211	2,926	+10%
Total Coal Sales – 100%	1,334	1,202	+11%	4,756	3,529	+35%
Saleable Coal Production - Equity	940	853	+10%	2,835	2,578	+10%
Total Coal Sales - Equity	1,315	1,076	+22%	4,448	3,173	+40%

- Whitehaven continued its open-cut expansion during the March quarter with ROM coal production (100% basis) up 25% over the previous corresponding period and saleable coal production (100% basis) of 1.033 million tonnes (Mt), up 7% on the previous corresponding period.
- Coal sales were 1.334 Mt for the March quarter (100% basis), up 11% on the previous corresponding period. Sales comprised 1.046 Mt of produced coal and 0.288 Mt of purchased coal. Export sales comprised 0.233 Mt of metallurgical coal and 1.056 Mt of thermal coal, with domestic thermal coal sales of 0.045 Mt.
- Saleable coal production was affected adversely during the first half of the financial year by an unusually high number of wet weather days; however the Gunnedah Basin was not affected significantly by wet weather in the March quarter.
- The economic impact of lost production from wet weather in the first half was compounded by a number of factors as explained in the December quarterly report, resulting in total coal purchases of 1.184 Mt in the first half. In addition, a further 0.715 Mt of legacy thermal coal contracts were cash settled during the first half, where neither Whitehaven production nor purchased coal were available for delivery.

- A further 0.43 Mt of legacy contract tonnage has been delivered during the March quarter with a further 0.42 Mt settled from the purchase of coal or cash settlement. There remains approximately 1.152 Mt of legacy contract tonnage to be delivered in the June quarter of which 0.35 Mt is expected to be settled from the purchase of coal or cash settlement. This will leave the last of the legacy tonnage, around 1.70 Mt, to be delivered in FY 2012.
- Saleable coal production improved in the third quarter with little impact from wet weather; however the Gunnedah CHPP upgrade and a number of open cut mining issues constrained the rate of increase in production. Whitehaven expects to further increase saleable production in the June quarter as the full benefits of new mining equipment and completion of the Gunnedah coal handling and preparation plant (CHPP) upgrade are realised.
- Narrabri underground development continued during the quarter with three continuous miners working and a total of 137 thousand tonnes (Kt) of saleable coal produced year to date. Mining conditions remain very good underground and development of the main headings progressed well during the quarter. Some 120 Kt of coal has been shipped from Narrabri so far and the quality of coal is meeting expectations.
- Narrabri has continued the successful pre-drainage of in-seam gas (85% CO₂) to levels below the threshold for continuous mining. Confidence in the gas drainage model continues to grow as experience builds. A program of surface to in-seam (SIS) and underground in-seam (UIS) drilling is continuing in order to create an inventory of drained coal ahead of mining.
- Narrabri is continuing to experience difficulty in recruiting sufficient experienced underground miners. As reported in the December quarter, the situation has improved and manning levels are increasing, however the commencement of the contract for provision of a fully manned fourth continuous miner has been delayed by approximately 5 weeks. Unless development rates can be improved, which is considered unlikely, this is expected to delay commencement of the first longwall by a similar time, with commencement of longwall mining now likely to be in February 2012.
- Delivery of longwall equipment is on schedule to be available for December 2011, with pre-commissioning at supplier facilities in Australia in progress. Construction of Stage 2 surface facilities including the CHPP, ventilation shaft and other ancillary works is proceeding on time and budget.
- The new NCIG port continues to ramp up and Whitehaven has been able to utilise its share of this new capacity during the first three quarters of FY 2011. Construction of the second stage (2AA) of NCIG is underway and is expected to be commissioned in mid-2012, taking the capacity of NCIG to 53 million tonnes per annum (Mtpa). Final feasibility of the last stage of NCIG (2F) is complete and commitment to construction is expected in mid-2011. This will take the port to its full capacity of 66 Mtpa in late 2013, of which Whitehaven's share will be approximately 6 Mtpa. Whitehaven also has a rolling 10 year port contract with PWCS for 3.6 Mtpa.
- Rail capacity is continuing to increase with the Whitehaven-owned coal train now being fully utilised and the first of Whitehaven's new Pacific National (PN) trains now fully operational. A third new train is scheduled for delivery in October 2011. Trials are progressing well to increase new train size from 72 wagons to 82 wagons. This will increase train size from 5,400 tonnes to 6,150 tonnes (+14%) and provide enhanced utilisation of track capacity.
- Cash on hand at 31 March was \$193 million.
- Whitehaven had a total of approximately US\$315m in forward US\$/A\$ exchange contracts at the end of March, at an average exchange rate of AUD 1.00 = US\$ 0.8206.

COAL PRODUCTION

Whitehaven's open-cut mines (Tarrawonga, Werris Creek, Rocglen and Sunnyside) experienced little impact from wet weather in the March quarter. There were a number of mining issues which affected production however, mainly the need to re-arrange the mining schedule at Tarrawonga following a delay in obtaining a modification to development approvals. This delay caused inefficient mine scheduling with more overburden

being produced and less coal uncovered. The benefit of this additional out-of-schedule overburden removal will be realised in the next financial year.

Other less significant impacts occurred at Werris Creek where there were some carry-over effects from wet weather in the first half; and at Rocglen where mining was occurring in the most difficult northern area of the pit during the quarter.

Open cut production is continuing to increase and Whitehaven expects to produce at a higher rate in the June quarter. The Gunnedah CHPP upgrade was completed in the March quarter and is now providing additional washing and coal handling capacity.

COAL SALES

Total coal sales of 1.334 Mt for the March quarter (100% basis) increased by 11% over the previous corresponding period, with sales of 1.046 Mt of produced coal and 0.288 Mt of purchased coal.

Coal purchases were necessary in the March quarter, however at a much lower rate than in the first half of FY 2011 as production improved and demand softened following the earthquake and tsunami in Japan.

Low metallurgical coal sales of 0.233 Mt for the March quarter reflected a slower delivery of metallurgical coal contracts as a result of damage to steel plants on the east coast of Japan. The earthquake and tsunami have led to a significant reduction in shipping from Newcastle in March and April, which is expected to continue for at least the next few months.

This deferral of metallurgical coal sales will have a negative impact on Whitehaven's revenue and profit during the second half and is the principal reason for a revision of guidance of full year underlying NPAT. While deferring metallurgical coal sales is not desirable, it has made more of Whitehaven's saleable production available to meet legacy contracts, thereby reducing the need for coal purchases. The availability and price of coal for purchase has also improved following the slow-down in shipments from Newcastle to Japan.

The metallurgical coal price ex-Newcastle (Semi-Soft/PCI) for the June quarter has been set at around US\$260/t. After including delivery of carry-over tonnage from the March quarter at US\$170/t, Whitehaven expects to achieve an average of approximately US\$220/t in the June quarter.

Export thermal coal sales were 1.056 Mt for the March quarter, including sales of 0.257 Mt of purchased coal. In addition, 0.300 Mt of legacy contracts were cash settled during the quarter as no produced or purchased coal was available for delivery.

Japanese term contract prices for thermal coal have been fixed at around US\$130/t for the new Japanese fiscal year (April 2011 to March 2012), while the current spot price for Newcastle thermal coal is around US\$123/t FOB.

NARRABRI DEVELOPMENT

Development of the Narrabri mine is proceeding as planned with construction of Stage 2 facilities and delivery of longwall and other equipment on schedule and budget. The Narrabri CHPP plant construction is well advanced as are the upgraded ventilation fans and shaft.

Pre-drainage of CO₂ from the coal seam is working well with confidence in gas extraction methods and gas modelling continuing to grow as the inventory of drained coal grows.

Mining conditions underground are excellent and development rates have improved as skills and experience grow and as development moves away from pit-bottom setup into normal main road and longwall gate road development.

Some delays continue to be experienced in development however, as a result of the slower buildup in manning and the late start of the contract for the fourth continuous miner unit. At current development rates, this is expected to delay commencement of longwall extraction by some 5 weeks, into February 2012.

Development of the main gate road and the tail gate road for the first longwall panel is on the critical path for commencement of longwall mining and progress against schedule is being monitored closely.

Sales of more than 120 Kt of Narrabri coal have now been made with coal stockpiling and handling systems working well and coal quality meeting expectations.

Ongoing review of Stage 2 costs, including tendering for all major components of the work, has not identified any material change to the budget capital cost estimate of approximately \$300 million (100% basis).

VICKERY PROJECT

Work has continued at Vickery during the March quarter, to further define JORC resources and to produce the mine development plan. To date, a JORC opencut coal resource of 405 Mt has been defined in the combined Vickery area (Vickery, Merton, Bluevale and Canyon Extended). Initial mine planning has defined an opencut JORC marketable reserve of some 47 Mt, however this is only in one area of the resource.

Work is now in progress to define an opencut mine plan for the total combined Vickery area. Whitehaven expects this work to produce an opencut mine plan for Vickery of around 5 Mtpa ROM for at least 20 years.

Ongoing analysis of Vickery coal quality indicates that, if all ROM coal is washed, saleable coal yield would be more than 80% of predominantly low ash, low sulphur, low phosphorus semi-soft coking coal, along with a minority component of low-ash, low-sulphur, high-energy thermal coal.

This saleable coal yield can be increased significantly by by-passing a proportion of low-ash ROM coal, as is done with Whitehaven's Tarrawonga coal. This will provide the Vickery project with a high degree of flexibility in producing metallurgical or premium thermal coal, depending on market conditions from time to time.

Whitehaven currently plans to lodge an application for development approval for Vickery in late 2011, with the aim of having approval and being in a position to commence mine development in late 2012. Following Project Approval, the timing of development will depend on Whitehaven's ability to obtain sufficient port capacity.

OTHER BUSINESS DEVELOPMENT

Following substantial upgrades to coal resources and reserves, applications have been lodged for modifications to the existing Project Approvals for the Tarrawonga and Werris Creek mines.

At Tarrawonga, the application is to extend the mine life to cover the full JORC reserve at up to 3.0 Mtpa and at Werris Creek, the application is to extend the mine life to cover the full JORC reserve at up to 2.5 Mtpa.

An application has also been made to modify the Rocglen Project Approval to take account of modified geological information and mine planning. No change to the Rocglen maximum production rate of 1.5 Mtpa is planned.

INFRASTRUCTURE

Whitehaven has entitlements to adequate rail track capacity to meet its current growth plans and is continuing to work with ARTC, Country Rail Infrastructure Authority (CRIA) and other potential rail users in the Gunnedah Basin to identify and progress capital works required to meet future track capacity needs.

Whitehaven and PN entered into a long term agreement for rail haulage in December 2009. When combined with track capacity entitlements, this contract provides for rail capacity to meet Whitehaven's existing growth plans and port capacity.

The new coal train ordered by Whitehaven in 2009 was delivered and put into service in the September 2010 quarter. This train is being operated by PN under lease from Whitehaven. A second new train was delivered by PN in January 2011 and a third new train will be provided by PN in October 2011.

A Capacity Framework Agreement for providing access to additional port capacity at Newcastle was agreed by Newcastle Ports Corporation, PWCS and NCIG in April 2009 and subsequently approved by ACCC. Under this agreement, Whitehaven will have access to at least 9.5 Mtpa of port capacity from PWCS (3.6 Mtpa), NCIG Stage 1 (3.3 Mtpa) and NCIG Stage 2 (2.6 Mtpa).

Stage 1 of the new NCIG coal loading terminal (Whitehaven owns 11%) is continuing to ramp up to its 30 Mtpa capacity. Construction of the second stage (2AA) of NCIG is underway and is expected to be commissioned in mid-2012, taking the capacity of NCIG to 53 Mtpa. Final feasibility of the last stage of NCIG (2F) is complete and commitment to construction is expected in mid-2011. This will take the port to its full capacity of 66 Mtpa in late 2013, of which Whitehaven's share will be approximately 6 Mtpa. Whitehaven also has a rolling 10 year port contract with PWCS for 3.6 Mtpa.

COAL RESERVES AND RESOURCES

A revised JORC coal Resources and Reserves statement for Whitehaven was released in February 2011 and can be viewed on the Whitehaven web site at www.whitehavencoal.com.au.

CORPORATE

A formal process was initiated in late October 2010 to consider potential offers for the company. Non-binding proposals were received in early February and selected parties were invited to conduct full due diligence and submit binding proposals.

This process is now reaching a conclusion with the Whitehaven Board expected to shortly consider which, if any, of these proposals should be recommended to shareholders.

Cash on hand at 31 March was \$193 million. This cash, together with outstanding cash to be received from previously announced sales of the Narrabri JV interests and cash from operations is expected to provide sufficient funding to complete the development of Narrabri and the expansion of Whitehaven's existing open-cut mines.

Whitehaven had a total of approximately US\$315 million in forward US\$/A\$ exchange contracts at the end of March, at an average rate of 0.8206 US\$:A\$. The hedging profile at the end of March is:

Currency Hedging at 31/03/11		FY 2011	FY 2012	Total
Principal	US\$m	105	210	315
Rate	US\$/A\$	0.8102	0.8259	0.8206

Detailed production results for the March quarter and first three quarters of FY 2011 for Whitehaven Coal Limited (ASX: WHC) and its controlled entities are set out in the following tables.

Thousands of tonnes	Quarter Ending			Year to Date		
	Mar-11	Mar-10	% Change	Mar-11	Mar-10	% Change
Gunnedah Operations (100%)						
ROM Coal Production	656	674	-3%	2,246	2,183	3%
Saleable Coal Production	532	668	-20%	1,955	2,062	-5%
Sales of Produced Coal	514	650	-21%	2,015	1,988	1%
Sales of Purchased Coal**	288	277	4%	1,472	725	103%
Total Coal Sales	801	927	-14%	3,487	2,713	29%
Coal Stocks at period end	315	235	34%	315	235	34%
Werris Creek (100%)						
ROM Coal Production	480	284	69%	1,135	845	34%
Saleable Coal Production	444	295	51%	1,119	865	29%
Sales of Produced Coal	469	275	71%	1,147	816	41%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	469	275	71%	1,147	816	41%
Coal Stocks at period end	131	99	33%	131	99	33%
Narrabri (100%)						
ROM Coal Production	60	-	-	143	-	-
Saleable Coal Production	56	-	-	137	-	-
Sales of Produced Coal	63	-	-	121	-	-
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	63	-	-	121	-	-
Coal Stocks at period end	22	-	-	22	-	-
Total Whitehaven Group (100%)						
ROM Coal Production	1,196	958	25%	3,524	3,028	16%
Saleable Coal Production	1,033	963	7%	3,211	2,926	10%
Sales of Produced Coal	1,046	925	13%	3,284	2,805	17%
Sales of Purchased Coal**	288	277	4%	1,472	725	103%
Total Coal Sales	1,334	1,202	11%	4,756	3,529	35%
Coal Stocks at period end	468	333	40%	468	333	40%

Thousands of tonnes	Quarter Ending			Year to Date		
	Mar-11	Mar-10	% Change	Mar-11	Mar-10	% Change
Gunnedah Operations (Equity Share)						
ROM Coal Production	584	562	4%	1,886	1,808	4%
Saleable Coal Production	456	558	-18%	1,619	1,713	-5%
Sales of Produced Coal	514	524	-2%	1,744	1,632	7%
Sales of Purchased Coal**	288	277	4%	1,472	725	103%
Total Coal Sales	801	800	0%	3,216	2,356	36%
Coal Stocks at period end	276	207	33%	276	207	33%
Werris Creek (Equity Share)						
ROM Coal Production	480	284	69%	1,135	845	34%
Saleable Coal Production	444	295	51%	1,119	865	29%
Sales of Produced Coal	469	275	71%	1,147	816	41%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	469	275	71%	1,147	816	41%
Coal Stocks at period end	131	99	33%	131	99	33%
Narrabri (Equity Share)						
ROM Coal Production	42	-	-	100	-	-
Saleable Coal Production	39	-	-	96	-	-
Sales of Produced Coal	44	-	-	85	-	-
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	44	-	-	85	-	-
Coal Stocks at period end	15	-	-	15	-	-
Total Whitehaven Group (Equity Share)						
ROM Coal Production	1,106	846	31%	3,121	2,652	18%
Saleable Coal Production	940	853	10%	2,835	2,578	10%
Sales of Produced Coal	1,027	799	29%	2,976	2,448	22%
Sales of Purchased Coal**	288	277	4%	1,472	725	103%
Total Coal Sales	1,315	1,076	22%	4,448	3,173	40%
Coal Stocks at period end	422	306	38%	422	306	38%

** sales of externally purchased coal

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