



SEPTEMBER 2012 QUARTER HIGHLIGHTS

Thousands of tonnes	Quarter Ending			YTD		
	Sep 12	Sep 11	Change	Sep 12	Sep 11	Change
ROM Coal Production – 100%	1,908	1,340	+42%	1,908	1,340	+42%
Saleable Coal Production - 100%	1,634	1,353	+21%	1,634	1,353	+21%
Total Coal Sales – 100%	1,843	1,862	-1%	1,843	1,862	-1%
Saleable Coal Production - Equity	1,375	1,194	+15%	1,375	1,194	+15%
Total Coal Sales – Equity	1,615	1,708	-5%	1,615	1,708	-5%

- **Maules Creek development approved by NSW Government**
- **Sunnyside mine on care and maintenance, Werris Creek to expand**
- **Narrabri ramp-up progressing well, 512 thousand tonnes produced in Q1**
- **ROM opencut production up 13% from the previous corresponding period**
- **Corporate re-financing process well advanced, to be complete by year end**
- **Coal markets weak, coal price outlook uncertain**
- **Market expectations (broker consensus) in line with company expectations for sales tonnage and costs, but wide range of financial outcomes possible, depending on coal prices for the remainder of the financial year**
- **Coalworks acquisition completed**



Business Development

- Whitehaven Coal Limited (ASX:WHC) announced yesterday that the New South Wales Government has approved the Maules Creek Coal 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 currently expected in the first quarter of calendar year 2014.
- Whitehaven also announced yesterday that mining operations have been suspended indefinitely at its Sunnyside mine near Gunnedah, and the site placed on 'care and maintenance'.
- The 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.
- On 21 August 2012, Whitehaven completed the acquisition of Coalworks following completion of compulsory acquisition. Whitehaven now holds 100% of the ordinary shares in Coalworks.

Coal Production

- Whitehaven's ROM coal production during the September quarter was 1.908 million tonnes (Mt) on a 100% basis, up 42% on the previous corresponding period, with saleable coal production of 1.634 Mt, up 21% on the previous corresponding period.

Open Cut Production and Development

- Whitehaven's open-cut mines (Tarrawonga, Werris Creek, Rocglen and Sunnyside) generally performed well during the quarter with an increase in ROM production of 13% over the same period last year to 1.396 Mt, an annual rate of more than 5.5 Mtpa.
- Following a substantial upgrade to coal resources and reserves and the extension of the Tarrawonga Joint Venture, an application has been lodged for modification to the existing Project Approval for Tarrawonga. This would allow production to increase from 2 Mtpa to 3 Mtpa and would cover mining of the full JORC reserve over more than 15 years. This application is progressing through the NSW planning process.
- 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 very well during the quarter although poorer coal quality in the current mining location required 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.
- As reported separately, Whitehaven has suspended mining at Sunnyside and placed the mine on care and maintenance. This decision has been 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 0.18 Mt at Sunnyside following suspension of mining will continue to be sold during FY 2013.

Narrabri Longwall Ramp-up

- As announced previously, the Narrabri longwall was installed during the June quarter and is currently being commissioned and ramped up to target capacity. Narrabri produced 0.512 Mt during the September quarter, of which 0.424 Mt was from the longwall.
- A number of start-up engineering issues continue to be 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 is expected to be operational by early November.
- The longwall has now retreated approximately 350 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. However, more experience needs to be gained and more engineering work needs to be done before a definitive conclusion can be reached.
- 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 September 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 now underway. Development of maingate for 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 continue to improve in order to avoid any delay.
- Based on current results and expectations, Narrabri is expected to produce approximately 4 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.
- Infrastructure at Narrabri is operating well, including the permanent ventilation system and CHPP, however the CHPP is yet to achieve its full 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. There has also been an issue with non-metallic contamination (plastic pipe and fibreglass bolts) finding their 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 great 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 few 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 Update

- 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 the first quarter of 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.
- 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 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 very strong economics and substantial value of this project. Despite the current weakness in coal markets, Whitehaven intends to push ahead with this development as fast 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.
- Ongoing analysis of Vickery coal quality indicates that, if all ROM coal were washed, saleable coal yield would be more than 80% of predominantly low-ash, low-sulphur and low-phosphorus SSCC. This saleable coal yield can be increased significantly by bypassing 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 plans to lodge an application for Project Approval for Vickery open-cut in the current quarter of calendar 2012.

Infrastructure

- 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 and the extension of the Tarrawonga JV, Whitehaven now has rolling 10-year port contracts with PWCS for 6.2 Mtpa.
- Whitehaven (including Aston) has also secured a total of 14.7 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 9.2 Mtpa from T4. This gives Whitehaven long term entitlements of 21.4 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 over 10 Mt. The Company is currently tendering for additional above rail services to cater for the Maules Creek, Vickery and existing Open Cut mine production increases.
- 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 most likely in FY 2014 as well. This is a significant cost, expected to add approximately \$4/t to cash FOB cost in FY 2013 (included in the costs discussed in Financial Outlook section above).

Corporate

- Whitehaven had cash on hand at 30 September of \$122 million and had drawn \$225 million from its short-term facility of \$450 million. In addition, Whitehaven has an undrawn, five-year, \$350 million bank facility. Net repayment to these debt facilities was \$100 million during the quarter.
- The short-term \$450 million facility matures in December 2012 and Whitehaven is currently in the final stages of a re-financing process, with the aim of obtaining term debt



on favourable terms to underpin the company's growth plans, including the development of Maules Creek. The refinancing process is being run by Grant Samuel.

- Whitehaven has received very strong interest from numerous Australian and international banks and expects to complete this competitive process in December.
- Whitehaven had a total of approximately US\$101million in forward US\$/A\$ exchange contracts at the end of September, at an average exchange rate of AUD 1.00 = US\$ 0.96939.
- The integration of Whitehaven, Aston and Boardwalk is now complete. The integration of people, property and systems has progressed smoothly and merged group management structure has been settled with most positions filled.
- 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. More information on this matter was provided in the Annual accounts for the year ended 30 June 2012.

Coal Sales and Coal Market Outlook

- Coal sales for the September quarter were 1.843 Mt (100% basis), down 1% on the previous corresponding period. Sales of purchased coal were 0.311 Mt in the September quarter, down 31% compared to the previous corresponding period. Export sales comprised 0.449 Mt of metallurgical coal and 1.336 Mt of thermal coal, with domestic thermal coal sales of 0.058 Mt.
- Export coal prices have fallen substantially over the last six months and, after rallying mildly in July/August, have fallen to new lows over the last few weeks.
- The benchmark price of Whitehaven's metallurgical product, Newcastle semi-soft coking coal (SSCC) has fallen from around US\$140/t FOB in the September quarter to around US\$115 per tonne in the December quarter, with further discounts being sought by buyers in secondary markets.
- Similarly, the monthly index price of standard Newcastle thermal coal (NEWC 6,000 kcal/kg) has fallen from over US\$90 per tonne in July to less than US\$80/t in October.
- After allowing for approximately 8% NSW royalty and 3% exchange rate loss, the net revenue for spot thermal coal is currently at or below the FOB cash cost per tonne of many producers.



- In Whitehaven's case, annual SSCC sales of around 2 Mtpa are expected to our existing customers, along with some prospects of PCI sales from Narrabri, although in the current market winning new business at reasonable prices is very difficult.
- For thermal coal, Whitehaven has a number of Japanese benchmark contracts (currently priced around US\$96/t FOB), but is increasingly selling the majority of thermal coal at NEWC index pricing, as tonnage from Narrabri increases and the corresponding off-take contracts with our Joint Venture partners are invoked. These contracts are all priced around the NEWC index.
- For FY 2013, Whitehaven is currently expecting to sell around 9 Mt of coal (100% basis) including approximately 400 Kt of purchased coal. While coal purchases are still required to optimise 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.

Financial Outlook

- Whitehaven does not provide specific profit guidance because of the inherent uncertainty in forecasting future coal prices and exchange rates. Instead, we aim to provide sufficient information to allow shareholders and their advisors to make informed analysis and decisions.
- In view of the wide range of forecasts of Whitehaven's EBITDA among market analysts, the company has conducted a careful review of its internal projections compared to those contained in analysts research. This review has covered 16 analysts' reports from investment banks and broking firms which produce research on Whitehaven.
- The conclusion from this review is that there is very little difference between the average of analysts' projections and the company's projections in terms of coal sales tonnage and average cash cost per sales tonne for FY 2013. The average coal sales tonnage estimate of 7.2 Mt (equity basis) is virtually the same as Whitehaven's expectation for the year and the average analyst's estimate of cash cost FOB (excluding royalty) of around \$74/t is very close to Whitehaven's current expectation for the year.
- There is, however, a wide range of possible EBITDA outcomes for the year, depending on coal price outcomes for the year. The average of analysts estimates for EBITDA is \$185 million for FY 2013, based on an average FOB price for SSCC of US\$135/t and an average FOB price for thermal coal of US\$100/t, yielding an average realised net price of A\$99/t FOB (after foreign exchange conversion and royalty).
- In contrast, if current market prices for SSCC and thermal coal are used with the same coal sales and average cost estimates, the average realised net price is around A\$82/t FOB, a reduction of some A\$17/t FOB in EBITDA margin. This price outcome would yield EBITDA for the year of around \$50 million instead of \$185 million.
- It is clearly difficult to have a high degree of confidence in predicting future coal prices for FY 2013, particularly at this stage of the financial year. There is currently little sign of a market rebound, although forward markets are showing improving prices and there is the prospect of renewed demand growth from China in early 2013.



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- In forming a view about short-term financial performance, investors should take into account that the sales tonnage and cost projections assume that the expansion in production at Narrabri occurs as planned over the next nine months, with an effective doubling of saleable production for the company in FY 2013. As with all mining activities, there is obviously still some execution risk in achieving these plans.
- Of more importance for the medium and long term is Whitehaven's strong competitive cost position and its first-class development projects including Narrabri, Maules Creek and Vickery.

QUARTERLY REPORT



WHITEHAVEN COAL

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WHITEHAVEN PRODUCTION DATA - MANAGED BASIS

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

Gunnedah Operations (100%)

ROM Coal Production	997	864	15%	997	864	15%
Saleable Coal Production	748	813	-8%	748	813	-8%
Sales of Produced Coal	772	834	-7%	772	834	-7%
Sales of Purchased Coal**	311	450	-31%	311	450	-31%
Total Coal Sales	1,084	1,285	-16%	1,084	1,285	-16%
Coal Stocks at period end	456	231	98%	456	231	98%

Werris Creek (100%)

ROM Coal Production	399	370	8%	399	370	8%
Saleable Coal Production	396	475	-17%	396	475	-17%
Sales of Produced Coal	388	543	-28%	388	543	-28%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	388	543	-28%	388	543	-28%
Coal Stocks at period end	139	27	414%	139	27	414%

Narrabri (100%)

ROM Coal Production	512	106	382%	512	106	382%
Saleable Coal Production	489	65	653%	489	65	653%
Sales of Produced Coal	371	35	972%	371	35	972%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	371	35	972%	371	35	972%
Coal Stocks at period end	159	105	51%	159	105	51%

Total Whitehaven Group (100%)

ROM Coal Production	1,908	1,340	42%	1,908	1,340	42%
Saleable Coal Production	1,634	1,353	21%	1,634	1,353	21%
Sales of Produced Coal	1,532	1,412	9%	1,532	1,412	9%
Sales of Purchased Coal**	311	450	-31%	311	450	-31%
Total Coal Sales	1,843	1,862	-1%	1,843	1,862	-1%
Coal Stocks at period end	754	363	108%	754	363	108%

WHITEHAVEN PRODUCTION DATA - EQUITY BASIS

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

Gunnedah Operations (Equity Share)

ROM Coal Production	860	731	18%	860	731	18%
Saleable Coal Production	637	673	-5%	637	673	-5%
Sales of Produced Coal	655	691	-5%	655	691	-5%
Sales of Purchased Coal**	311	450	-31%	311	450	-31%
Total Coal Sales	967	1,141	-15%	967	1,141	-15%
Coal Stocks at period end	417	201	108%	417	201	108%

Werris Creek (100% Owned)

ROM Coal Production	399	370	8%	399	370	8%
Saleable Coal Production	396	475	-17%	396	475	-17%
Sales of Produced Coal	388	543	-28%	388	543	-28%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	388	543	-28%	388	543	-28%
Coal Stocks at period end	139	27	414%	139	27	414%

Narrabri (Equity Share)

ROM Coal Production	359	74	382%	359	74	382%
Saleable Coal Production	343	45	653%	343	45	653%
Sales of Produced Coal	260	24	972%	260	24	972%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	260	24	972%	260	24	972%
Coal Stocks at period end	111	74	51%	111	74	51%

Total Whitehaven Group (Equity Share)

ROM Coal Production	1,617	1,176	38%	1,617	1,176	38%
Saleable Coal Production	1,375	1,194	15%	1,375	1,194	15%
Sales of Produced Coal	1,304	1,258	4%	1,304	1,258	4%
Sales of Purchased Coal**	311	450	-31%	311	450	-31%
Total Coal Sales	1,615	1,708	-5%	1,615	1,708	-5%
Coal Stocks at period end	668	302	121%	668	302	121%

** sales of externally purchased coal

Whitehaven Coal Limited - ASX Quarterly - 30 Sep 2012