

Whitehaven Coal Limited Quarterly Report to 30 September 2011

2011 SEPTEMBER QUARTER HIGHLIGHTS

Thousands of tonnes	Quarter Ending			YTD		
	Sep 11	Sep 10	% Change	Sep 11	Sep 10	% Change
ROM Coal Production – 100%	1,340	1,230	9%	1,340	1,230	9%
Saleable Coal Production - 100%	1,353	1,093	24%	1,353	1,093	24%
Total Coal Sales – 100%	1,862	1,587	17%	1,862	1,587	17%
Saleable Coal Production - Equity	1,194	946	26%	1,194	946	26%
Total Coal Sales - Equity	1,708	1,448	18%	1,708	1,448	18%

HIGHLIGHTS

- Whitehaven continued its open-cut expansion during the September quarter with saleable coal production of 1.353 million tonnes (Mt) on a 100% basis, up 24% on the previous corresponding period.
- Coal sales for the September quarter were 1.862 Mt (100% basis), up 17% on the previous corresponding period. Sales comprised 1.412 Mt of produced coal and 0.45 Mt of purchased coal. Export sales comprised 0.291 Mt of metallurgical coal and 1.515 Mt of thermal coal, with domestic thermal coal sales of 0.056 Mt.
- Legacy contract deliveries in the September quarter totalled 0.50 Mt, with a further 0.23 Mt settled from purchase of coal or cash settlement, in line with management's expectations. This leaves around 1.17 Mt of legacy contracts remaining to be delivered in FY 2012, most by December 2011.
- The open cut mines produced at an annual rate of 5.2 Mtpa of saleable coal in the September quarter with the benefits of upgrades to mining equipment and the Gunnedah CHPP continuing to be realised; and with little impact from adverse weather.
- NSW Government approvals for extension of the Rocglen and Werris Creek open-cut mines have been received, allowing maximum resource extraction. In the case of Werris Creek, the new approval allows production of up to 2.5 Mtpa for 20 years.
- Narrabri underground development continued during the September quarter with four continuous miners operating and a total of 106 thousand tonnes (Kt) of ROM coal produced in the quarter, an annualised rate of 424 Ktpa. A total of 339 Kt has been produced from Narrabri to the end of September.
- Narrabri mining conditions remain very good and development productivity is also good. However, Narrabri continues to experience difficulty in recruiting sufficient experienced underground miners to fully utilise its four development mining units. This has resulted in

a shortfall of development against plan of approximately 1,400 metres at the end of October, representing approximately four weeks development at current rates.

- An additional contractor, SBD-Delta, is currently mobilising its experienced people to supplement development at Narrabri while existing Narrabri employees undertake training on longwall operation.
- If performance continues at the current rate, the shortfall in development metres against plan is likely to increase by mid-February, with a consequential delay in longwall production of up to eight weeks, to mid-April.
- Narrabri continues to successfully drain in-seam gas (85% CO₂) to levels below the threshold required 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 and a substantial inventory of drained coal is being established.
- Delivery of longwall equipment to site is on schedule with the machine now 95% complete on site. Construction of Stage 2 surface facilities including the CHPP, ventilation shaft and other ancillary works is nearing completion and remains on budget.
- The new NCIG port at Newcastle continues to ramp up and Whitehaven has been able to utilise most of its share of this new capacity. Construction of the second stage (2AA) of NCIG is well advanced and is on time and budget for commissioning in mid-2012, taking total capacity to 53 Mtpa.
- The final stage of NCIG (2F) was committed during the quarter and construction is now underway for commissioning in mid-2013. This will take the port to its full capacity of 66 Mtpa by 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. Following extension of the Tarrawonga JV, Idemitsu will contribute 30% of Tarrawonga port capacity, giving Whitehaven access to a total of approximately 10 Mtpa of Newcastle port capacity (100% basis).
- Whitehaven has also secured a total of 8.4 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 late 2015. Following commitment of the final stage of the NCIG port, Whitehaven has now nominated to PWCS for additional capacity entitlements and should be notified of the outcome of this nomination in December.
- Rail capacity is continuing to increase with the Whitehaven-owned coal train being fully utilised and two additional new Pacific National (PN) trains now operational. Trials are progressing well to increase new train size from 72 wagons to 82 wagons, thereby increasing train size from 5,400 tonnes to 6,150 tonnes (+14%) with enhanced utilisation of track capacity.
- Cash on hand at 30 September was \$120 million.
- Whitehaven recently refinanced its existing bank facilities and established a new undrawn credit line of A\$350m as a standby working capital and general corporate facility.
- Whitehaven had a total of approximately US\$266m in forward US\$/A\$ exchange contracts at the end of September, at an average exchange rate of AUD 1.00 = US\$ 0.9217.

COAL SALES

Total coal sales for the September quarter (100% basis) were 1.862 Mt, up 17% over the previous corresponding period, with sales of 1.412 Mt of produced coal and 0.450 Mt of purchased coal.

Coal purchases were necessary in the September quarter to supply legacy thermal coal contracts, as expected. Deliveries into remaining legacy contracts will mostly be completed by the end of December 2011, with the coal purchases beyond this time being undertaken for blending to optimise coal quality.

Metallurgical coal sales of 0.291 Mt for the September quarter reflect some ongoing softness in Japanese demand following the tsunami and earthquake on the east coast of Japan in March.

The metallurgical coal price ex-Newcastle (Semi-Soft/PCI) for the December 2011 quarter has been set at approximately US\$190/t. After including delivery of carry-over tonnage from the September quarter, Whitehaven expects to achieve an average of approximately US\$189/t in the December quarter.

Export thermal coal sales were 1.515 Mt for the September quarter, including sales of 0.450 Mt of purchased coal. In addition, 0.085 Mt of legacy contracts were cash settled during the quarter.

Japanese term contract prices for thermal coal have been fixed at around US\$124/t for the new Japanese fiscal year (April 2011 to March 2012), while the current spot price for Newcastle thermal coal is around US\$118/t FOB.

OPEN CUT PRODUCTION AND DEVELOPMENT

Whitehaven's open-cut mines (Tarrawonga, Werris Creek, Rocglen and Sunnyside) experienced little impact from wet weather in the September quarter and produced at the annual rate of approximately 5.2 Mtpa of saleable coal.

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.

A revised Project Approval has now been received from the NSW Minister for Planning for extension of the Werris Creek mine life, to cover the full JORC reserve at up to 2.5 Mtpa over 20 years.

Approval has also been received from the Minister for Planning to modify the Rocglen Project Approval to take account of modified geological information and mine planning. There is no change to the Rocglen maximum production rate of 1.5 Mtpa.

NARRABRI DEVELOPMENT

Development of the Narrabri mine is proceeding with construction of Stage 2 facilities and delivery of longwall and other equipment on schedule and budget. The Narrabri CHPP plant is complete and being commissioned, as are the upgraded ventilation fans and new shaft.

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



Development of the main gate and tail gate roads for the first longwall panel is on the critical path for commencement of longwall mining. Mining conditions underground are excellent and development rates have improved as skills and experience has grown and as development has moved away from pit-bottom setup into normal main road and longwall gate road development.

However, weekly development metre-age continues to fall below plan as a result of a lack of availability of skilled underground miners. This is preventing full utilisation of the four continuous miner units which are available and has resulted in a shortfall of approximately 1,400 metres against plan at the end of October, representing around four weeks delay at current development rates.

An additional contractor, SBD-Delta, is currently mobilising its experienced people to supplement development at Narrabri while Narrabri employees are trained for longwall operation. This will provide additional experienced people for development. However, if performance continues at the current rate, the shortfall in development metres against plan is likely to increase by mid-February, with a consequential delay in longwall commissioning of up to eight weeks, to mid-April.

Narrabri development produced 106 Kt of ROM coal during the September quarter, an annualised rate of 424 Ktpa. A total of 339 Kt of coal has been produced from Narrabri up to the end of September. Sales of more than 235 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 of approximately \$300 million (100% basis).

VICKERY PROJECT

Work at Vickery during the September quarter has further defined JORC resources and the mine development plan. As announced in August, a JORC open-cut coal resource of 439 Mt has been defined in the combined Vickery area (Vickery, Merton, Bluevale and Canyon Extended). Initial mine planning has generated a pit design which produces 164 Mt of ROM coal at a stripping ratio of 10:1. Of this, 129 Mt is to JORC standard, with drilling underway to upgrade the remainder.

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 a stripping ratio of approximately 10:1. 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 development plan for Vickery is therefore to truck ROM coal to Gunnedah CHPP for processing and loading, as occurs at present. This results in an efficient use of existing infrastructure and a relatively low capital cost of development for Vickery.

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. 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 Project Approval for Vickery open-cut in the first half of calendar 2012, with the aim of obtaining approval and being in a position to commence mine production in the second half of calendar 2013.

INFRASTRUCTURE

Whitehaven has entitlements to adequate rail track capacity to meet its current growth plans and is continuing to work with ARTC 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 was delivered 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 approximately 10 Mtpa of port capacity from PWCS and NCIG.

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 progressing on time and budget for commissioning in mid-2012, taking the capacity of NCIG to 53 Mtpa. The final stage of NCIG (2F) was committed in August and is expected to be commissioned in June 2013. This will take the port to its full capacity of 66 Mtpa, with Whitehaven's share being approximately 6 Mtpa.

As previously announced, Whitehaven has secured a total of 8.4 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 late 2015. Following commitment of the final stage of the NCIG port, Whitehaven has now nominated to PWCS for additional capacity entitlements and should be notified of the outcome of this nomination in December.

COAL RESERVES AND RESOURCES

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

CORPORATE

Cash on hand at 30 September was \$120 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.

The Group has recently refinanced its existing syndicated bank facility with a series of long-term bilateral facilities put in place with a number of Australian and foreign financial institutions. The new undrawn bank facilities have a five year tenor and provide Whitehaven with additional lines of credit up to A\$350 million for working capital and general corporate purposes.

The new facilities recognise Whitehaven's strong credit quality and growth prospects and will support Whitehaven's plans to further develop and realise the value from its existing coal assets.



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Whitehaven had a total of approximately US\$266million in forward US\$/A\$ exchange contracts at the end of September, at an average rate of 0.9217 US\$:A\$. The hedging profile at the end of September is:

Currency Hedging at 30/09/11		FY 2012	FY 2013	Total
Principal	US\$m	266	-	266
Rate	US\$/A\$	0.9217	-	0.9217

Detailed production results for the September 2011 quarter for Whitehaven Coal Limited (ASX: WHC) and its controlled entities are set out in the following tables.



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Thousands of tonnes	Quarter Ending		
	Sep-11	Sep-10	% Change

Gunnedah Operations (100%)

ROM Coal Production	864	846	2%
Saleable Coal Production	813	696	17%
Sales of Produced Coal	834	714	17%
Sales of Purchased Coal**	450	511	-12%
Total Coal Sales	1,285	1,225	5%
Coal Stocks at period end	231	367	-37%

Werris Creek (100%)

ROM Coal Production	370	346	7%
Saleable Coal Production	475	358	33%
Sales of Produced Coal	543	353	54%
Sales of Purchased Coal**	-	-	-
Total Coal Sales	543	353	54%
Coal Stocks at period end	27	133	-80%

Narrabri (100%)

ROM Coal Production	106	39	172%
Saleable Coal Production	65	39	66%
Sales of Produced Coal	35	8	321%
Sales of Purchased Coal**	-	-	-
Total Coal Sales	35	8	321%
Coal Stocks at period end	105	31	241%

Total Whitehaven Group (100%)

ROM Coal Production	1,340	1,230	9%
Saleable Coal Production	1,353	1,093	24%
Sales of Produced Coal	1,412	1,076	31%
Sales of Purchased Coal**	450	511	-12%
Total Coal Sales	1,862	1,587	17%
Coal Stocks at period end	363	531	-32%



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Thousands of tonnes	Quarter Ending		
	Sep-11	Sep-10	% Change

Gunnedah Operations (Equity Share)

ROM Coal Production	731	682	7%
Saleable Coal Production	673	561	20%
Sales of Produced Coal	691	578	20%
Sales of Purchased Coal**	450	511	-12%
Total Coal Sales	1,141	1,089	5%
Coal Stocks at period end	201	307	-34%

Werris Creek (100% Owned)

ROM Coal Production	370	346	7%
Saleable Coal Production	475	358	33%
Sales of Produced Coal	543	353	54%
Sales of Purchased Coal**	-	-	-
Total Coal Sales	543	353	54%
Coal Stocks at period end	27	133	-80%

Narrabri (Equity Share)

ROM Coal Production	74	27	172%
Saleable Coal Production	45	27	66%
Sales of Produced Coal	24	6	321%
Sales of Purchased Coal**	-	-	-
Total Coal Sales	24	6	321%
Coal Stocks at period end	74	22	241%

Total Whitehaven Group (Equity Share)

ROM Coal Production	1,176	1,055	11%
Saleable Coal Production	1,194	946	26%
Sales of Produced Coal	1,258	937	34%
Sales of Purchased Coal**	450	511	-12%
Total Coal Sales	1,708	1,448	18%
Coal Stocks at period end	302	461	-35%

** sales of externally purchased coal

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