

# QUARTERLY REPORT

15 October 2015



WHITEHAVEN COAL

## September 2015 quarterly on track

### HIGHLIGHTS

- Safety performance continued to improve - TRIFR reduced to 8.0 from 9.2 at 30 June 2015
- Maules Creek operating at 6.0Mtpa rate after being declared commercial on 1 July 2015
- ROM coal production of 1.5Mt for the quarter at Maules Creek
- Narrabri longwall changeout completed on schedule with production ramping up in LW05 during September
- ROM coal production for quarter 3.9Mt (including longwall changeout at Narrabri) up 12% on previous corresponding period
- Saleable coal production 4.3Mt, 31% higher than the previous corresponding quarter
- Managed coal sales 4.5Mt, up 47% on previous corresponding quarter

### MANAGED PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Sep 2015	Sep 2014	Change	Sep 2015	Sep 2014	Change
Managed ROM Coal Production	3,867	3,461	12%	3,867	3,461	12%
Managed Saleable Coal Production	4,306	3,288	31%	4,306	3,288	31%
Managed Total Coal Sales	4,481	3,045	47%	4,481	3,045	47%
Equity Saleable Coal Production	3,308	2,579	28%	3,308	2,579	28%
Equity Coal Sales	3,534	2,388	48%	3,534	2,388	48%

## WHITEHAVEN EQUITY PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Sep 2015	Sep 2014	Change	Sep 2015	Sep 2014	Change
<b>Whitehaven Equity Totals</b>						
Equity ROM Coal Production	3,020	2,676	13%	3,020	2,676	13%
Equity Saleable Coal Production	3,308	2,579	28%	3,308	2,579	28%
Equity Sales of Produced Coal	3,516	2,388	47%	3,516	2,388	47%
Sales of Purchased Coal	18	-	-	18	-	-
Total Equity Coal Sales	3,534	2,388	48%	3,534	2,388	48%
Equity Coal Stocks at period end	1,371	1,422	(4%)	1,371	1,422	(4%)

## SAFETY

Whitehaven's safety performance, as measured by the TRIFR, was 8.0 at the end of the quarter, a significant improvement from the 9.2 TRIFR reported at the end of June quarter.

The quarter saw the annual safety day being held and the launch of our new safety video to reinforce the seven "Safehaven Rules" and importantly to focus on our behavioural based training programme. The Safehaven video uses the theme of 'Would you put your child in this situation?' We want our workers to think about the controls they put in place to keep themselves and their workmates safe. The video has been widely acclaimed by the industry and is available for viewing [here](#).

## COAL SALES AND COAL MARKET OUTLOOK

Total coal sales for the September quarter were 4.481Mt. Coal sales were higher than production as stocks accumulated prior to the longwall changeout were sold during the quarter. Export sales comprised 14% metallurgical coal and 86% thermal coal given all the initial production from Maules Creek coal has been thermal coal. Metallurgical coal sales from Maules Creek will commence with initial trials being agreed for the December quarter. Whitehaven achieved an average price of US\$70.95/t from sales of its metallurgical products in the September quarter. Whitehaven expects the price for these products in the December quarter to be in the range of US\$68/t to US\$72/t.

During the September quarter, the benchmark Newcastle thermal coal index (GlobalCOAL NEWC Index) averaged US\$58.85/t. Whitehaven achieved an average price for all its export thermal coal sales of US\$58.01/t for the quarter.

The Q4 Semi-soft coking coal and Low Vol PCI benchmark prices recently settled at US\$71/t, down 4% and 3% respectively from the previous quarter. Further production cuts are expected and some of these will possibly occur in the United States where several companies have recently gone into Chapter 11 bankruptcy protection. We expect that the metallurgical coal market and prices will remain subdued until further supply tightening.

The continued withdrawal of China from the seaborne thermal coal market is the dominant feature of the market as China acts to protect its own domestic producers. However, production cuts are occurring in several countries with Indonesian exports likely to fall by at least 50Mt in 2015 compared to 2014. Indian imports are also growing and increased by 22Mt in the first seven months of the year. Pleasingly, demand for higher quality coals such as those produced by Whitehaven remains strong with Maules Creek coal being sold at a premium over benchmark. The recently released International Energy Agency report is consistent with our customer demand and confirms that coal demand in Southeast Asia is set to grow strongly over the next five years as new power stations are added to the fleet.

## **NARRABRI MINE**

Whitehaven 70%

Successful completion of the scheduled longwall changeout in the September quarter saw lower production for the period. ROM coal production of 0.998Mt was 52% lower than the previous corresponding period. Mining in the fourth panel at Narrabri was completed at the end of July and mining recommenced in LW05 panel on schedule in the second week of September. It is expected that future longwall changeouts will take less time following the delivery of a second shearer to the mine as it can be installed into the mine prior to the completion of mining in each panel.

Mining in the fifth longwall panel is ramping up better than expected with the longwall advancing about 300 metres by the end of September.

A total of 6,110 metres of main and gate road development using three continuous miners puts Narrabri into the top performers for underground development in the industry. Development for the first 400 metre wide panel (LW07) is advancing to plan.

Full year ROM coal production is expected to be in the range of 6.6Mt to 6.8Mt in FY2016 as a second longwall changeout is scheduled for later in the financial year.

Saleable coal production for the quarter was 1.573Mt, slightly lower than the previous corresponding period. Coal sales for the quarter were 1.550Mt. Coal stocks at the end of the September quarter were significantly below those at the end of the June quarter as stocks built up during the mining of LW 04 were processed and sold in the September quarter.

## **MAULES CREEK MINE**

Whitehaven 75%

As previously reported Maules Creek was declared commercial on 1 July 2015. Production has ramped up to the anticipated annualised rate of 6.0Mtpa as evidenced by ROM coal production of 1.549Mt in the September quarter. Saleable coal production for the September quarter was 1.479Mt and coal sales were higher at 1.635Mt as some of the coal stocks built up during the pre-commercial phase of the project were washed and sold during the September quarter.

Performance testing of the coal preparation plant was successfully completed during the quarter with the plant operating at its design rate for the testing period. By the end of the quarter the plant had processed over 1.0Mt of coal.

The quality of the coal in the upper seams at Maules Creek has generally exceeded expectations with lower ash and better coking properties being evident in the seams. If the improved quality from these seams is maintained into the future it is possible the mine will produce and sell a higher proportion of metallurgical coal.

Some of the mining equipment for the next ramp up step has arrived at site with an additional large 800 tonne class excavator and associated trucks already operating in the open cut. The full complement of additional mining equipment capable of mining at an annualised rate of 8.5Mt will be in place and operating by the end of December.

Production guidance for the FY2016 year is expected to be in the range of 7.1Mt and 7.3Mt.

## **OPEN CUT PRODUCTION**

### **Tarrawonga Mine**

Whitehaven 70%

A strong opening performance from Tarrawonga saw ROM coal production of 0.535Mt for the quarter, similar to the previous corresponding period. Increased use of cast blasting and dozer push is having a positive impact on overburden removal and cost reduction at the mine. Saleable coal production was 0.519Mt and coal sales were 0.524Mt, 25% higher than the previous corresponding quarter.

### **Rocglen Mine**

Some wet weather in July combined with a small volcanic intrusion in the mining area caused ROM coal production of 0.236Mt to be 17% lower than the previous corresponding quarter. Saleable coal production of 0.189Mt and coal sales of 0.172Mt were also slightly lower than expected. A recovery plan has been implemented and ROM coal production will recover before the end of 2015.

### **Werris Creek Mine**

ROM coal production at Werris Creek of 0.548Mt was similar to the previous corresponding quarter and in line with expectations. Saleable coal production was 0.546Mt and coal sales of 0.592 were also in line with expectations.

## **VICKERY PROJECT**

Whitehaven has begun a number of studies to support the application to increase the approved production rate for the project from 4.5Mtpa to 8.0Mtpa. The timing for the formation of a joint venture is likely to occur within the next year and after lodgement of the application documents for the increased production rate.

Timing for startup of the Vickery project is still to be determined but is unlikely to occur prior to Maules Creek ramping up to its approved production level of 13Mtpa.

## **CORPORATE**

The Maules Creek mine was declared commercial on 1 July 2015 and will be fully incorporated into Whitehaven's financial results for FY2016.

There are US\$36.0 million in forward A\$/US\$ exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.7236. These contracts are deliverable between October 2015 and December 2015.

## **EXPLORATION**

Whitehaven spent a total of \$0.621 million on exploration during the September quarter.

## PRODUCTION AND SALES BY MINE

Thousands of tonnes	Quarter Ended			YTD		
	Sep 2015	Sep 2014	Change	Sep 2015	Sep 2014	Change
<b>Narrabri</b>						
ROM Coal Production	998	2,082	(52%)	998	2,082	(52%)
Saleable Coal Production	1,573	1,819	(14%)	1,573	1,819	(14%)
Sales of Produced Coal	1,550	1,797	(14%)	1,550	1,797	(14%)
Coal Stocks at period end	461	793	(42%)	461	793	(42%)
<b>Tarrawonga</b>						
ROM Coal Production	535	532	1%	535	532	1%
Saleable Coal Production	519	544	(5%)	519	544	(5%)
Sales of Produced Coal	524	418	25%	524	418	25%
Coal Stocks at period end	260	400	(35%)	260	400	(35%)
<b>Maules Creek</b>						
ROM Coal Production	1,549	-	-	1,549	-	-
Saleable Coal Production	1,479	-	-	1,479	-	-
Sales of Produced Coal	1,635	-	-	1,635	-	-
Coal Stocks at period end	534	-	-	534	-	-
<b>Rocglen</b>						
ROM Coal Production	236	286	(17%)	236	286	(17%)
Saleable Coal Production	189	222	(15%)	189	222	(15%)
Sales of Produced Coal	172	200	(14%)	172	200	(14%)
Coal Stocks at period end	94	233	(60%)	94	233	(60%)
<b>Werris Creek</b>						
ROM Coal Production	548	561	(2%)	548	561	(2%)
Saleable Coal Production	546	703	(22%)	546	703	(22%)
Sales of Produced Coal	582	630	(8%)	582	630	(8%)
Coal Stocks at period end	371	355	5%	371	355	5%
<b>Whitehaven Group Totals</b>						
ROM Coal Production	3,867	3,461	12%	3,867	3,461	12%
Saleable Coal Production	4,306	3,288	31%	4,306	3,288	31%
Sales of Produced Coal	4,463	3,045	47%	4,463	3,045	47%
Sales of Purchased Coal	18	-	-	18	-	-
Total Coal Sales	4,481	3,045	47%	4,481	3,045	47%
Coal Stocks at period end	1,721	1,780	(3%)	1,721	1,780	(3%)