

Whitehaven Coal Limited Quarterly Report to 30 June 2010 (Q4 FY 2010)

HIGHLIGHTS

Thousands of tonnes	Quarter Ending			Year to date		
	Jun 2010	Jun 2009	% Change	FY 2010	FY 2009	% Change
ROM Coal Production – 100%	1,191	1,074	+11%	4,219	3,519	+20%
Saleable Coal Production - 100%	1,006	990	+2%	3,933	3,281	+20%
Total Coal Sales – 100%	1,041	1,038	+0%	4,570	4,041	+13%
Saleable Coal Production - Equity	902	882	+2%	3,480	2,797	+24%
Total Coal Sales - Equity	946	931	+2%	4,133	3,562	+16%

- Whitehaven continued its open-cut expansion during the quarter with saleable coal production of 1.006 million tonnes (Mt) for the June quarter (100% basis), up 2% on the previous corresponding period. Saleable coal production of 3.933 Mt for FY 2010 was up 20% over FY 2009.
- Coal sales were 1.041 Mt for the June quarter (100% basis), similar to the previous corresponding period. These sales comprised 0.972 Mt of produced coal and 0.069 Mt of purchased coal. Export sales comprised 0.336 Mt of metallurgical coal and 0.655 Mt of thermal coal, with domestic thermal coal sales of 0.050 Mt. Total coal sales for FY 2010 of 4.570 Mt (100%) were up 13% over FY 2009.
- Coal sales for the quarter continued to be constrained to some degree by port capacity and coal train availability, however the new NCIG port continued to ramp up and Whitehaven took delivery of its new coal train in June, both of which will alleviate infrastructure constraints in FY 2011.
- Construction of the Narrabri mine (Stage 1) was completed during the quarter with first coal production achieved on 28th June. The final section of the third access drift is yet to be completed, but this will occur over the next few months as part of mine development.
- Success has now been demonstrated at Narrabri in draining in-seam gas (85% CO₂) to levels well below the threshold for continuous mining. Future gas drainage plans are now being developed with a high level of confidence based on this growing database of results.
- The amended Stage 1 approval for Narrabri was received in March and the construction of the Stage 2 coal preparation plant, ventilation shaft and other ancillary works is proceeding. The full Stage 2 approval for longwall mining has progressed through the NSW Government process and Whitehaven hopes to receive this approval shortly.
- Cash on hand at 30 June was \$141 million.
- Whitehaven had a total of approximately US\$596m in forward US\$/A\$ exchange contracts at the end of June, at an average exchange rate of AUD 1.00 = US\$ 0.8136.

COAL PRODUCTION

- Whitehaven's open-cut mines (Tarrowonga, Werris Creek, Rocglen and Sunnyside) were adversely affected by wet weather in the March quarter, but performed well in the June quarter and achieved their target production targets for the FY 2010 year.
- Work continued during the quarter to expand Whitehaven's open-cut mines and the Gunnedah CHPP to their combined design and permitted capacity of approximately 5.5 Mtpa of saleable coal.
- An additional excavator was deployed initially at Werris Creek mine in February to boost overburden capacity and this machine was then moved permanently to Tarrowonga in late May to help increase Tarrowonga production to 2 Mtpa ROM.
- The Gunnedah CHPP upgrade will be commissioned in the current quarter (1Q FY 2011) and will provide additional washing capacity and enhance Whitehaven's ability to optimise coal blending and revenue from its four open-cut mines.
- The open-cut mine and CHPP expansion is being implemented to coincide with the ramp-up of port capacity at NCIG and with increased rail track and train capacity.

COAL SALES

- Total coal sales of 1.041 Mt for the June quarter (100% basis) were similar to the previous corresponding period, with sales of 0.972 Mt of produced coal and sales of 0.069 Mt of purchased coal. Coal purchases are expected to continue to be a part of Whitehaven's sales profile for some time, in order to optimise coal quality and deliver committed sales tonnages.
- Metallurgical coal sales of 0.336 Mt for the quarter reflect a strong metallurgical coal market. Whitehaven's PCI price for the April to June 2010 quarter was fixed at around US\$166/t FOB and around US\$173/t FOB has been fixed for the July to September 2010 quarter. This compares to the 2009 annual contract price of around US\$80/t FOB.
- Export thermal coal sales were 0.655 Mt for the quarter. Japanese term contract prices for thermal coal have been fixed at around US\$98/t for the Japanese fiscal year (April 2010 to March 2011), while the current spot price for Newcastle thermal coal is around US\$98/t FOB for calendar 2010. This compares to the 2009 contract price of around US\$70/t FOB.

NARRABRI DEVELOPMENT

- With the exception of the final section of the third access drift, construction of Narrabri Stage 1 is complete. First coal production was achieved on 28th June and the second continuous miner unit is scheduled to go underground in August.
- A detailed analysis of surface to in-seam (SIS) gas drainage results achieved at Narrabri over the last nine months has been carried out to produce an updated model of in-situ gas content and drainage patterns. Gas drainage to date has been successful in reducing gas content substantially with most test samples now showing gas content well below the required level. The increasing database of gas drainage results is allowing future gas drainage plans to be developed with a high level of confidence.

- Except for the cost of the underground access drifts, construction costs for Narrabri Stage 1 were within budget. The adverse ground conditions and consequential delay to completion of the drifts resulted in additional costs for this component of the project, with total Stage 1 cost now expected to be \$227m. Approximately \$15m of this amount remains to be paid following final commissioning of various plant items.
- An amended Stage 1 approval for Narrabri was received in March which allowed construction of the Stage 2 coal preparation plant, ventilation shaft and other ancillary works to proceed. The full Stage 2 approval for longwall mining has progressed through the NSW Government process and Whitehaven hopes to receive this approval shortly.
- The Stage 2 longwall equipment was specified and ordered last September. Delivery is expected to commence in January 2010, with installation underground scheduled for the July to September quarter of 2011.
- The Bucyrus longwall ordered for Narrabri is designed to allow retro-fitting of top coal caving (TCC) equipment in the future. TCC is a proven method of extracting thick-seam coal by longwall methods, but its applicability at Narrabri will only be proven following further technical work and operational experience. If suitable for Narrabri, TCC has the potential to substantially increase Narrabri's coal reserves and annual production in the future.
- Most of the other Stage 2 equipment and construction contracts have now been tendered and awarded, including the contract for the coal preparation and handling plant (CHPP).
- The final design for the Narrabri CHPP plant includes a dense medium cyclone unit to allow the production of up to 40% of PCI coal. Construction of the plant is expected to take approximately 12 months.
- Ongoing review of Stage 2 costs, including tendering for all major components of the work, has not identified any material change to the budget cost estimate of approximately \$300 million (100% basis).

OTHER BUSINESS DEVELOPMENT

- Whitehaven's agreement with Coal & Allied Industries Limited (CAIL) to acquire the Vickery Coal Project ("Vickery") for \$31.5 million cash plus approximately 1,150 ha of land was completed in January. The Vickery assets acquired comprise Authorisation 406 (A406), Coal Lease 316 (CL316), approximately 3,450 ha of associated land and 399 megalitres per year of water licences.
- Whitehaven holds several coal tenements adjacent to CL316 and Vickery is an important "bolt-on" acquisition for Whitehaven. It consolidates the company's significant tenement holding in the Gunnedah region and the expectation is that, with focussed exploration and evaluation, substantial open-cut and underground coal resources and reserves will be defined.
- Indications are that Vickery could provide Whitehaven with a significant increase in metallurgical coal reserves. There are nine coal seams contained within the Vickery tenements of which three, the Shannon Harbour, Stratford and Cranleigh seams, are believed to have economic potential. The quality of these coal seams ranges from high volatile soft coking coal to low ash, high energy thermal coal.

- Current evaluation work is focussed on assessing the potential for open-cut mining of these seams. In the near term, Whitehaven intends to focus on the exploration and definition of an open-cut area called Bluevale.
- Work is also continuing on mine planning and environmental studies to support applications for 20 year life-of-mine approvals for the Werris Creek and Tarrawonga mines. This follows substantial upgrades to coal resources and reserves at both mines.

INFRASTRUCTURE

- Whitehaven has entitlements to adequate track capacity to meet its current growth plans and is continuing to work with ARTC, RIC and other potential rail users in the Gunnedah Basin to identify and progress capital works required to meet future track capacity needs.
- Whitehaven and Pacific National (PN) entered into a long term agreement for rail haulage in December. 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 June. This train is being operated by PN under lease from Whitehaven. A second new train will be provided by PN in late calendar 2010.
- 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).
- Construction of the new NCIG coal loading terminal (Whitehaven owns 11%) achieved its objective of shipping its first coal at the end of March 2010. The new port achieved practical completion as planned in June and is continuing to ramp up throughput, albeit restricted to Panamax size ships until at least mid-2011.
- Whitehaven expects to have capacity of approximately 2.6 Mt at NCIG in FY 2011 which, along with 3.6 Mt from PWCS, is sufficient to meet a coal sales target of more than 6 Mt (100% basis) for FY 2011.

COAL RESERVES AND RESOURCES

- Exploration and mine planning work has continued during the quarter and a revised JORC coal Resources and Reserves statement for Whitehaven will be provided to shareholders with the company's annual financial results in August.

CORPORATE

- Whitehaven continued to generate strong cash flow from operations in the quarter. Cash on hand at 30 June was \$141 million with approximately \$95 million in equipment finance leases and other interest bearing liabilities.

- Cash on hand at June 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\$596 million in forward US\$/A\$ exchange contracts at the end of June, at an average rate of 0.8136 US\$:A\$. The hedging profile at the end of June is as follows:

Currency Hedging at 30/06/10		FY 2011	FY 2012	Total
Principal	US\$m	431	165	596
Rate	US\$/A\$	0.8095	0.8246	0.8136

Detailed production results for the fourth quarter of FY 2010 for Whitehaven Coal Limited (ASX:WHC) and its controlled entities are set out in the following table.

QUARTERLY REPORT



WHITEHAVEN COAL

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Thousands of tonnes	Quarter Ending			Year to Date		
	Jun-10	Jun-09	% Change	Jun-10	Jun-09	% Change
Gunnedah Operations (100%)						
ROM Coal Production	753	706	7%	2,936	2,396	23%
Saleable Coal Production	591	647	-9%	2,652	2,174	22%
Sales of Produced Coal	580	661	-12%	2,569	2,128	21%
Sales of Purchased Coal**	68	23	196%	793	811	-2%
Total Coal Sales	648	684	-5%	3,361	2,939	14%
Coal Stocks at period end	327	247	32%	327	247	32%
Werris Creek (100%)						
ROM Coal Production	438	369	19%	1,283	1,123	14%
Saleable Coal Production	415	343	21%	1,280	1,107	16%
Sales of Produced Coal	393	355	11%	1,209	1,102	10%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	393	355	11%	1,209	1,102	10%
Coal Stocks at period end	143	84	70%	143	84	70%
Total Whitehaven Group (100%)						
ROM Coal Production	1,191	1,074	11%	4,219	3,519	20%
Saleable Coal Production	1,006	990	2%	3,933	3,281	20%
Sales of Produced Coal	972	1,015	-4%	3,777	3,230	17%
Sales of Purchased Coal**	68	23	196%	793	811	-2%
Total Coal Sales	1,041	1,038	0%	4,570	4,041	13%
Coal Stocks at period end	470	331	42%	470	331	42%
Gunnedah Operations (Equity Share)						
ROM Coal Production	634	593	7%	2,441	1,902	28%
Saleable Coal Production	487	539	-10%	2,200	1,690	30%
Sales of Produced Coal	469	553	-15%	2,101	1,651	27%
Sales of Purchased Coal**	68	23	196%	793	811	-2%
Total Coal Sales	553	576	-4%	2,924	2,460	19%
Coal Stocks at period end	288	233	23%	288	233	23%
Werris Creek (Equity Share)						
ROM Coal Production	438	369	19%	1,283	1,123	14%
Saleable Coal Production	415	343	21%	1,280	1,107	16%
Sales of Produced Coal	393	355	11%	1,209	1,102	10%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	393	355	11%	1,209	1,102	10%
Coal Stocks at period end	143	84	70%	143	84	70%
Total Whitehaven Group (Equity Share)						
ROM Coal Production	1,072	962	11%	3,724	3,025	23%
Saleable Coal Production	902	882	2%	3,480	2,797	24%
Sales of Produced Coal	862	907	-5%	3,310	2,753	20%
Sales of Purchased Coal**	68	23	196%	793	811	-2%
Total Coal Sales	946	931	2%	4,133	3,562	16%
Coal Stocks at period end	430	318	35%	430	318	35%

** sales of externally purchased coal

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