



# QUARTERLY REPORT

## MARCH FY2013 QUARTERLY PRODUCTION REPORT

### HIGHLIGHTS

Thousands of tonnes	Quarter Ending			YTD		
	Mar 13	Mar 12	Change	Mar 13	Mar 12	Change
ROM Coal Production – 100%	<b>2,551</b>	1,280	<b>99%</b>	<b>6,826</b>	3,829	<b>78%</b>
Saleable Coal Production – 100%	<b>2,311</b>	1,044	<b>121%</b>	<b>5,936</b>	3,508	<b>69%</b>
Total Coal Sales – 100%	<b>2,410</b>	1,419	<b>70%</b>	<b>6,334</b>	4,708	<b>35%</b>
Saleable Coal Production – Equity	<b>1,842</b>	903	<b>104%</b>	<b>4,823</b>	3,057	<b>58%</b>
Total Coal Sales – Equity	<b>1,963</b>	1,276	<b>54%</b>	<b>5,288</b>	4,273	<b>24%</b>

### HIGHLIGHTS

- Federal Government approval received for Maules Creek Project and secondary approvals in the form of various management plans submitted to agencies for approval prior to commencement of construction. The majority of these plans have been approved, with the remainder awaiting final signoff by agencies.
- State and Federal Government approval received for Tarrawonga Mine Expansion.
- ROM open cut production up 3% from the previous corresponding period, up 11% year to date.



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- Narrabri longwall improvements are resulting in record weekly production levels being achieved. Moisture reduction program is ongoing.
- Stage 1 of Operational Review including cost cutting initiatives implemented at Tarrawonga and Rocglen – production levels at both mines to be maintained.
- Stage 2 of Operational Review involving a continued focus on reducing operating costs at other mines.
- Large Vickery Complex now 100% owned with completion of acquisition of remaining interest in Vickery South Project.
- Weak coal markets and strong AUD\$ continue to impact on overall performance.
- CEO and leadership team transition successfully implemented.
- FY2013 ROM production expected to be in line with current broker consensus of 9.0 Mt (100% basis).

## SAFETY

Overall Health and Safety performance has improved for the quarter in comparison to the previous quarter (Q4 2012). The Total Recordable Injury Frequency Rate (TRIFR) has decreased for the Group with significant improvement evident at the Narrabri Underground Operation. Narrabri achieved a 65% reduction in the TRIFR on the previous quarter. There has also been a significant improvement in the Group's Lost Time Injury Frequency Rate (LTIFR) down to 1.53 from 9.12 in the previous quarter.

The Group's behavioural safety observation program continues to show improvement with an increase in the number of observations performed from 241 in October 2012 to 653 in March 2013.



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### COAL PRODUCTION

Whitehaven's ROM coal production during the March quarter was 2.551 million tonnes (Mt) on a 100% basis, up 99% on the previous corresponding period, with saleable coal production of 2.311 Mt, up 121% on the previous corresponding period.

The significant increase reflects the ongoing ramp up of the Narrabri longwall.

#### WHITEHAVEN PRODUCTION DATA - MANAGED BASIS

Thousands of tonnes	Quarter Ending			Year to Date		
	Mar-13	Mar-12	% Change	Mar-13	Mar-12	% Change
<b>Gunnedah Operations (100%)</b>						
ROM Coal Production	925	989	(7%)	2,859	2,663	7%
Saleable Coal Production	795	745	7%	2,367	2,249	5%
Sales of Produced Coal	776	731	6%	2,357	2,218	6%
Sales of Purchased Coal**	166	357	(53%)	590	1,188	(50%)
Total Coal Sales	942	1,088	(13%)	2,948	3,406	(13%)
Coal Stocks at period end	451	421	7%	451	421	7%
<b>Werris Creek (100%)</b>						
ROM Coal Production	315	219	44%	1,080	890	21%
Saleable Coal Production	369	209	77%	1,094	986	11%
Sales of Produced Coal	370	233	59%	1,088	1,063	2%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	370	233	59%	1,088	1,063	2%
Coal Stocks at period end	119	77	54%	119	77	54%
<b>Narrabri (100%)</b>						
ROM Coal Production	1,311	72	1,733%	2,887	276	946%
Saleable Coal Production	1,147	91	1,163%	2,474	272	808%
Sales of Produced Coal	1,098	98	1,022%	2,298	239	864%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	1,098	98	1,022%	2,298	239	864%
Coal Stocks at period end	488	62	691%	488	62	691%
<b>Total Whitehaven Group (100%)</b>						
ROM Coal Production	2,551	1,280	99%	6,826	3,829	78%
Saleable Coal Production	2,311	1,044	121%	5,936	3,508	69%
Sales of Produced Coal	2,244	1,063	111%	5,744	3,520	63%
Sales of Purchased Coal**	166	357	(53%)	590	1,188	(50%)
Total Coal Sales	2,410	1,419	70%	6,334	4,708	35%
Coal Stocks at period end	1,058	560	89%	1,058	560	89%



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### OPEN CUT PRODUCTION AND DEVELOPMENT

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Whitehaven's open cut mines (Tarrawonga, Werris Creek and Rocglen) produced ROM tonnage of 1.24 Mt during the March quarter, an annual rate of around 5 Mtpa.

Lower quarterly production from the Gunnedah operations reflects the decision made in October last year to place the Sunnyside mine on care and maintenance. The decision was taken as a result of the continued decline in global coal prices and unfavourable exchange rates, which has made this small, relatively high-cost mine uneconomic. Sunnyside ROM coal stocks continue to be utilised and will be exhausted by July 2013.

Overall production was also impacted by wet weather, particularly at the Werris Creek mine, where operations are currently concentrated at the lower levels of the pit. Werris Creek production was also impacted by longer haul distances as the mine prepares to move infrastructure as part of its life-of-mine approval received last year. This situation will be resolved in May.

Production at Werris Creek is improving steadily and, as reported separately, a larger excavator will be deployed at Werris Creek in the next few months to increase capacity to 2.5 Mtpa in FY 2014. The associated truck fleet to service this excavator is already commissioned at the mine.

As part of Stage 1 of the Operational Review, a number of significant cost cutting initiatives were implemented at the Tarrawonga and Rocglen mines in late March.

The changes include amended mine plans that deliver reduced stripping ratios at both operations, allowing a reduction in total installed mining fleet by two 2500 excavators, one located at Rocglen and one located at Tarrawonga. As a result, haul truck numbers at each site have been reduced by four.

Approximately 30 permanent Whitehaven positions and 10 contractor roles were made redundant as a result of the decision.

The Stage 1 review was predicated on production levels at both sites being maintained at current levels or higher.

During the quarter, the Tarrawonga Coal Mine Expansion Project received both New South Wales and Federal Government approvals.

The Tarrawonga mine's previous consent was to extract 16.4 Mt of coal, at a rate of up to 2.0 Mtpa, until 2017. Under the new approval, Whitehaven can expand the mine to the east of the existing mining area and extract 50.5 Mt of coal at a rate of 3.0 Mtpa, until 2030.



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### UNDERGROUND OPERATIONS

#### Narrabri

Whitehaven (operator)	70.0%
Electric Power Development Co Ltd	7.5%
EDF Trading	7.5%
Upper Horn Investments Limited	7.5%
Daewoo International Corporation and Korea Resources Corporation	7.5%

Narrabri underground operation performed well in the March quarter with 1.311 Mt ROM produced up 23% from the December quarter, with 1.180 Mt from the longwall. Ramp up continues positively to the target capacity of 6 Mtpa.

At the end of the quarter the mine was producing at an annualised rate of 5.2 Mtpa. Record production levels of 152,000 tonnes per week were achieved during the quarter.

Installation refinements continue to be made to the longwall resulting in improved consistency and increased production rates. Narrabri continues to work with Caterpillar to overcome the remaining commissioning issues. Hardware and software modifications to the shearer are planned for the next quarter, which is aimed at lifting productivity levels, including other ongoing improvements as part of the longwall change-out.

Preparation is nearing completion for the first longwall change-out which is scheduled to take six weeks. Being the first change-out for the mine, detailed planning has been undertaken to ensure risks to time and budget are minimised. All major additional resources and equipment to effect the change-out have been secured.

Narrabri underground development continued well during the March quarter. Longwall panel 2 development was completed and is now ready for the planned longwall relocation. MG 103 development is well advanced and maintains a positive development float. Contractors Delta SBD completed their development contract at the end of March providing significant cost savings.

Based on current results and expectations, Narrabri is expected to produce approximately 3.65 Mt of ROM coal in FY 2013, with an average product yield of 95%. The longwall change-out is expected in June.

Performance of the CHPP continues to improve as de-bottlenecking efforts provide genuine benefit. Throughput rate of up to 900-1000 tph are being regularly achieved.

Thermal product moisture remains above acceptable levels whenever a PCI fraction is produced in the CHPP. Efforts to reduce the thermal product moisture are underway and some success has been achieved to date. The re-commissioning of the bypass crushing circuit remains on track for early May commencement.



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This will provide ROM coal to blend with the processed thermal coal thereby reducing overall moisture levels in the thermal product. The benefit of this blending activity will emerge during the June quarter. In addition, further investigations have been initiated to determine the long-term moisture management strategies for the entire mining and coal handling chain.

### DEVELOPMENT PROJECTS

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#### Maules Creek Project

Whitehaven (Manager)	75%
ITOCHU Corporation	15%
J-Power Australia Pty Limited	10%

During the quarter, Whitehaven's Maules Creek Project was approved by the Federal Government under the Environment Protection and Biodiversity Conservation Act (EPBC).

Secondary approval management plans have been submitted to the Federal and State Governments for approval prior to commencing construction. The majority of these plans have been approved, with the remainder awaiting final signoff by agencies.

Management continues to work to ensure that development schedules remain on track, once all approvals are finalised. Construction is expected to commence mid-calendar year 2013 and first coal sales are expected in the second half of calendar year 2014.

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 deliver the full production capability is expected to be approximately \$766 million. Of this amount, approximately \$152 million had been spent at 31 March 2013 (largely related to the CHPP and land purchases), leaving approximately \$614 million to spend (Whitehaven's 75% share is \$460 million as previously disclosed).

Negotiations to finalise the critical path contract for the construction of the rail spur/loop are close to completion. Construction is expected to commence during the May – June period with an approximate 12 month build time. All other significant construction packages can be completed within the rail spur/loop time line.

The Coal Handling and Preparation Plan is largely fabricated and is in the process of being transported to a holding facility close to site. Negotiations to finalise other related contracts, e.g., power supply and bulk earthworks are well advanced.



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### Vickery Project (including Vickery South Project)

Whitehaven

100%

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. Coal quality is assessed to be consistent with both Tarrawonga and Maules Creek coals.

The Vickery Project Preliminary Environmental Assessment was lodged with the NSW Department of Planning in October 2011 and the Environmental Impact Statement was placed on public display on 5 March, 2013.

On 8 March 2013 Whitehaven acquired Itochu Corporation's interest in the Vickery South Coal Project. As a result, Whitehaven now owns 100% of the Vickery South Project.

The Vickery South Project area is adjacent to Whitehaven's existing Vickery Project, providing a strategic opportunity for Whitehaven to consolidate the two projects.

The Vickery South Project (EL 7407) comprises 52.0Mt of JORC compliant resource, which when combined with the Vickery Project (CL316 & EL 4699) provides an overall JORC compliant resource of 537Mt (148Mt Measured, 183.5Mt Indicated, 205Mt Inferred) for the enlarged Vickery complex.

The Vickery South deposit is not included in the current Vickery approvals process. Any inclusion of Vickery South into the Vickery development will be subject to the relevant approval processes at the time.

### INFRASTRUCTURE

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The first Aurizon train unit to meet growth in export volumes from Whitehaven's existing operations in the Gunnedah Basin is expected to commence operations later this year. The agreement executed with Aurizon in December 2012 is for the haulage of up to 16 Mtpa of export coal. This capacity supplements Whitehaven's existing haulage arrangements (to 9.5 Mtpa) and will be brought online progressively to meet the company's growth, including the Maules Creek project.

The final stage of NCIG (2F) remains on schedule for commissioning in mid-2013. This will take the facility to its full capacity of 66 Mtpa by the end of 2013, of which Whitehaven's share will be approximately 6 Mtpa.

Whitehaven has rolling 10-year port contracts at PWCS for 5.9 Mtpa increasing to 8.0 Mtpa in calendar year 2015.

Whitehaven has also secured a total of 16.4 Mt in additional port capacity at Newcastle, spread over the period May 2012 to June 2016. This additional capacity covers the planned growth in Whitehaven's coal exports prior to the commencement of additional 10 year rolling capacity entitlements at PWCS.

Whitehaven has nominated to PWCS for additional rolling 10-year port contracts from calendar year 2015 in the order of 7 Mtpa. This gives Whitehaven long term port entitlements of 21 Mtpa. This port capacity is sufficient for all of Whitehaven's growth plans except Vickery, for which capacity will be sought in due course via the annual PWCS nomination process.

Whitehaven has rail track capacity in place for current and medium term needs and is working actively with ARTC to ensure that all planned track expansion upgrades are available to meet Whitehaven's needs.



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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 FY 2014. This is a significant cost, expected to add approximately \$4/t to cash FOB cost in FY 2013 and FY 2014.

### CORPORATE

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Whitehaven is committed to driving down costs and improving efficiencies through the Stage 2 Operational Review with a key focus on reducing mine operating costs, overheads and extracting operational efficiencies in the face of continuing low coal prices and the high Australian dollar.

Whitehaven had cash on hand at 31 March 2013 of \$79 million and had drawn \$400 million from its bank facility of \$1.2 billion. The facility has a four year tenor and provides lines of credit comprising \$1.0 billion revolving and term, and \$0.2 billion guarantee facilities.

The Group integration of Whitehaven, Aston and Boardwalk 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.

Whitehaven had a total of approximately US\$61.5 million in forward US\$/A\$ exchange contracts at the end of March, at an average exchange rate of AUD 1.00 = US\$ 0.9983.

### COAL SALES AND COAL MARKET OUTLOOK

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Coal sales for the March quarter were 2.41 Mt (100% basis), up 70% on the previous corresponding period. Sales of purchased coal were 0.166 Mt in the March quarter, down 53% compared to the previous corresponding period. Export sales comprised 0.402 Mt of metallurgical coal and 1.961 Mt of thermal coal, with domestic thermal coal sales of 0.047 Mt.

The benchmark price of Whitehaven's metallurgical product, Newcastle semi-soft coking coal (SSCC) has remained stable at around US\$113.50 per tonne FOB in the March quarter and this is expected to increase to approximately US\$118-119 per tonne FOB in the June quarter.

The monthly index price of standard Newcastle thermal coal (globalCOAL Physical NEWC 6,000 kcal/kg NAR) has fallen from over US\$93 per tonne in December to approximately US\$87 per tonne in April. Pricing achieved for the quarter for Thermal Index was \$US 89.70/t and Thermal High Ash was \$US 75.40/t, with an overall Thermal price of \$US 81.39/t.

Whitehaven's realised value for its thermal coal in the first half has been affected adversely by general weakness in the market price, adverse foreign exchange rates, and relatively higher moisture/lower energy of Narrabri thermal coal.



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The higher moisture and consequential lower energy of the Narrabri thermal coal has increased the proportion of total production sold into lower-priced thermal coal markets. The Narrabri thermal coal moisture is expected to improve in the current quarter as described in the operations report.

Generally, sales into these lower priced thermal markets are fixed price to June 2013. Whitehaven continues to deplete Sunnyside's coal inventory during this period into these markets. In addition, progress is being made in resolving the issues with off-take contracts.

### FOR FURTHER INFORMATION, PLEASE CONTACT:

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