



# QUARTERLY REPORT

## JUNE FY2013 QUARTERLY PRODUCTION REPORT

### HIGHLIGHTS

Thousands of tonnes	Quarter Ending			YTD		
	Jun 2013	Jun 2012	Change	Jun 2013	Jun 2012	Change
ROM Coal Production – 100%	<b>2,247</b>	1,471	<b>53%</b>	<b>9,072</b>	5,300	<b>71%</b>
Saleable Coal Production – 100%	<b>2,259</b>	1,390	<b>63%</b>	<b>8,195</b>	4,898	<b>67%</b>
Total Coal Sales – 100%	<b>2,582</b>	1,432	<b>80%</b>	<b>8,916</b>	6,140	<b>45%</b>
Saleable Coal Production – Equity	<b>1,807</b>	1,218	<b>48%</b>	<b>6,630</b>	4,275	<b>55%</b>
Total Coal Sales – Equity	<b>2,135</b>	1,259	<b>70%</b>	<b>7,423</b>	5,532	<b>34%</b>



WHITEHAVEN COAL

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## HIGHLIGHTS

- Federal Government approval received for Maules Creek Project and construction phase underway. First coal sales still expected to occur in the last quarter of 2014.
- First longwall changeout at the Narrabri Mine has been completed safely on time and on budget.
- Open cut ROM production up 5% from the previous corresponding period, up 9% full year-in line with guidance.
- Total coal production for the year was 9.072 Mt compared with 5.300 Mt in the previous year (100% basis).
- Benefits of revised mine plan with reduced stripping ratios flowing through at Tarrawonga and Rocglen.
- Werris Creek meeting production targets and infrastructure move on schedule.
- Stage 2 of the operations review includes a restructure of the company's finance and administration to a shared service function to improve process and streamline efficiency.
- Recently implemented group procurement function to target reductions in costs in key areas of expenditure.
- Narrabri coal energy balance to be further evaluated over the coming months now that ROM coal is becoming available with longwall recommencement.



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### SAFETY

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The Open Cut Operations safety performance improved from the previous quarter with zero lost time injuries recorded between April and June. In a direct comparison between the respective quarters the Open Cut Operations LTIFR fell to zero from 3.07. The Open Cut Operations continued this trend with total recordable injuries, achieving a 36% reduction in TRIFR from Q3 (15.36) to Q4 (9.83).

The Underground Operations maintained their record of zero lost time injuries for the quarter.

During the reporting period Whitehaven Coal continued to implement improvement programs, these included WHC Supervisor Training, the INX Incident Management Reporting System and the Safestart Program at Rocglen.

### COAL PRODUCTION

Whitehaven's ROM coal production during the June quarter was 2.247 million tonnes (Mt) on a 100% basis, up 53% on the previous corresponding period, with saleable coal production of 2.259 Mt, up 63% on the previous corresponding period.

Total ROM coal production for the year was 9.072 Mt compared with 5.300 Mt in the previous year (100% basis). The significant increase reflects the ongoing ramp up of the Narrabri longwall operation.



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### WHITEHAVEN PRODUCTION DATA - MANAGED BASIS

Thousands of tonnes	Quarter Ending			Year to Date		
	Jun-13	Jun-12	% Change	Jun-13	Jun-12	% Change
<b>Gunnedah Operations (100%)</b>						
ROM Coal Production	857	1,001	(14%)	3,716	3,663	1%
Saleable Coal Production	814	920	(12%)	3,181	3,170	0%
Sales of Produced Coal	739	899	(18%)	3,096	3,118	(1%)
Sales of Purchased Coal**	392	56	605%	982	1,243	(21%)
Total Coal Sales	1,130	955	18%	4,078	4,361	(6%)
Coal Stocks at period end	471	377	25%	471	377	25%
<b>Werris Creek (100%)</b>						
ROM Coal Production	598	384	56%	1,677	1,274	32%
Saleable Coal Production	453	357	27%	1,547	1,343	15%
Sales of Produced Coal	422	343	23%	1,510	1,407	7%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	422	343	23%	1,510	1,407	7%
Coal Stocks at period end	323	117	176%	323	117	176%
<b>Narrabri (100%)</b>						
ROM Coal Production	792	87	816%	3,679	362	915%
Saleable Coal Production	992	113	776%	3,466	386	799%
Sales of Produced Coal	1,030	134	670%	3,328	372	794%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	1,030	134	670%	3,328	372	794%
Coal Stocks at period end	199	26	660%	199	26	660%
<b>Total Whitehaven Group (100%)</b>						
ROM Coal Production	2,247	1,471	53%	9,072	5,300	71%
Saleable Coal Production	2,259	1,390	63%	8,195	4,898	67%
Sales of Produced Coal	2,190	1,376	59%	7,934	4,897	62%
Sales of Purchased Coal**	392	56	605%	982	1,243	(21%)
Total Coal Sales	2,582	1,432	80%	8,916	6,140	45%
Coal Stocks at period end	994	521	91%	994	521	91%



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### WHITEHAVEN PRODUCTION DATA - EQUITY BASIS

Thousands of tonnes	Quarter Ending			Year to Date		
	Jun-13	Jun-12	% Change	Jun-13	Jun-12	% Change

#### Gunnedah Operations (Equity Share)

ROM Coal Production	695	858	(19%)	3,099	3,129	(1%)
Saleable Coal Production	659	782	(16%)	2,656	2,662	(0%)
Sales of Produced Coal	601	766	(22%)	2,601	2,621	(1%)
Sales of Purchased Coal**	392	56	605%	982	1,243	(21%)
Total Coal Sales	992	822	21%	3,583	3,865	(7%)
Coal Stocks at period end	379	342	11%	379	342	11%

#### Werris Creek (100% Owned)

ROM Coal Production	598	384	56%	1,677	1,274	32%
Saleable Coal Production	453	357	27%	1,547	1,343	15%
Sales of Produced Coal	422	343	23%	1,510	1,407	7%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	422	343	23%	1,510	1,407	7%
Coal Stocks at period end	323	117	176%	323	117	176%

#### Narrabri (Equity Share)

ROM Coal Production	555	61	816%	2,575	254	915%
Saleable Coal Production	694	79	776%	2,426	270	799%
Sales of Produced Coal	721	94	670%	2,330	261	794%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	721	94	670%	2,330	261	794%
Coal Stocks at period end	139	18	674%	139	18	660%

#### Total Whitehaven Group (Equity Share)

ROM Coal Production	1,847	1,303	42%	7,352	4,657	58%
Saleable Coal Production	1,807	1,218	48%	6,630	4,275	55%
Sales of Produced Coal	1,744	1,203	45%	6,441	4,289	50%
Sales of Purchased Coal**	392	56	605%	982	1,243	(21%)
Total Coal Sales	2,135	1,259	70%	7,423	5,532	34%
Coal Stocks at period end	841	478	76%	841	478	76%

\*\* sales of externally purchased coal

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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 1.454 Mt during the June quarter, a record annual rate of around 5.8 Mtpa.

Total annual production from the open cuts was 5.393 Mt.

Production levels reflect the decision made in October last year to place the Sunnyside mine on care and maintenance. Sunnyside ROM coal stocks were exhausted in June.

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. These changes were predicated on production levels at both sites being maintained at current levels or higher which have been achieved.

These changes have been successful, with the revised mine plan and lower stripping ratios at Tarrawonga having a positive overall impact on that operation.

The Rocglen mine also benefitted from the revisions to the mine plan and the resultant lower strip ratio despite geotechnical issues having a negative impact on production during the quarter. The geotechnical issues were addressed by the end of the quarter.

The Werris Creek mine performed well during the quarter with production levels in line with forecasts. The solid operating performance reflected a number of factors including the increase in overburden production since October last year.

Wet weather earlier in the year had resulted in water at the lower levels of the pit. This water was removed during the June quarter allowing access to the more productive lower seams.

The relocation of infrastructure and the rail loop is progressing well with the office facility relocation now complete and the workshop relocation expected to be completed this month.

### UNDERGROUND OPERATIONS

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#### Narrabri

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





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The Narrabri mine commenced its first longwall changeout during the quarter. The longwall changeout was undertaken without incident or injury and is a significant achievement by the entire Narrabri team and associated contractors. It was commissioned successfully and started cutting coal as planned on Saturday 20<sup>th</sup> July with the process running smoothly.

The changeout presented the opportunity to make a number of improvements to the longwall. New automation software has been installed and is undergoing commissioning led by experts from Caterpillar. Pending outcomes of the software trial performance, the plan is to move to bi-directional cutting on completion of the trials. Other modifications were carried out during the change-out period to prevent shearer roll-back and changes to chock isolation valves and hi-set POCV valves. Regular maintenance was also completed on the shearer and a number of roof supports. Weekly production is expected to return to regular production levels over the coming weeks.

Narrabri continued to invest in building a permanent workforce and training of locally based labour. More than 98% of the production workforce are now permanent employees.

Productivity improvements in Narrabri mine are being vigorously pursued. Mine development rates are ahead of schedule with completion of development for the 3<sup>rd</sup> longwall panel expected by end of Q1 FY2014.

CHPP performance testing was conducted during the quarter with final results available in several weeks following the receipt of outstanding test results. Generally, physical performance such as throughput and availability appear acceptable.

The ROM coal bypass sizing plant is undergoing commissioning with results to date being positive. Final performance testing will be completed during Q1 FY2014.

The energy level of thermal coal product remains under close scrutiny with actions targeting both moisture and ash levels being implemented. Feedback on an improved result will be available in Q1 FY2014 following the ramp up to full production of the longwall following its successful relocation.

### DEVELOPMENT PROJECTS

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#### Maules Creek Project

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

During the quarter, Whitehaven's Maules Creek Project received all requisite approvals needed to commence construction.

First coal sales are expected to occur in the final quarter of CY2014.



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The Maules Creek Project is a globally competitive project with a large reserve of high quality coal, a low stripping ratio of 6.4:1, relatively low capital development costs and competitive operating costs.

Maules Creek Mine is approved to extract up to 13 Mt of coal per annum and rail 12.4 Mt of product from the site in any calendar year.

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 \$767 million. Of this amount, approximately \$170 million had been spent to date, (largely related to the CHPP and land purchases) leaving approximately \$597 million to spend (Whitehaven 75% share \$448 million).

Whitehaven's share of the capital costs is fully funded as part of the refinance completed in December 2012. This finance package was designed to accommodate the construction phase and has no covenants until 31 December 2014.

Planning for initial site preparation including fencing, storage and access roads is underway.

Broader construction activities will commence following the completion of Cultural Heritage salvage works at the site. Dialogue with the local aboriginal community is continuing and Whitehaven remains committed to reaching a mutually agreeable future approach to Aboriginal Archaeology and Cultural Heritage management at the site.

The most critical element of the construction phase is the rail spur and loop. The contract for the design and construction of the rail infrastructure is in the final stages of negotiation prior to execution.

Other material construction contracts are well progressed.

The Maules Creek rail spur and loop comprises a common section of 7.9km to be shared with Boggabri Coal and 11.9km for the Maules Creek section.

The pre-mobilisation phase is underway and construction of the rail spur and loop is expected to commence in August, with an approximate 12-month build time, post mobilisation. All other significant construction packages can be completed within the rail spur/loop timeline.

The Coal Handling and Preparation Plant is largely fabricated and is located close proximity to the site. A tender for the CHPP installation is being readied. Negotiations to finalise other related contracts including power supply and bulk earthworks are well advanced.

Maules Creek is working closely with contractors to optimise the scopes of work to ensure that Whitehaven Coal can deliver the project in the most cost effective manner possible.

On 19 July 2013, a group represented by the taxpayer funded Environmental Defenders Office commenced proceedings in the Federal Court against the Federal Minister for the Environment and the Company, challenging the validity of the approval granted by the Federal Minister for the Company's Maules Creek Coal Project.

The Application filed with the Federal Court contends that the Minister committed errors of law in granting the approval on 11 February 2013.

In this litigation, the Federal Court has jurisdiction to determine whether the Federal Minister committed an error of law in granting the approval. It is not a merits appeal – the Court does not have the task of determining whether or not the project should be approved. In this regard, it is a different type of litigation to the case





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concerning the Warkworth Extension Coal Project in the Hunter Valley, which was a merits appeal in the NSW Land and Environment Court.

The Maules Creek Coal Project involved a comprehensive assessment and decision-making process over a very long period of time.

There is no contention in this litigation that the Minister is prohibited from granting an approval for the Project. Pending any findings by the Court, the Company is relying on the Minister's approval to proceed with construction. In the event of an adverse finding against the Minister, one remedy could entail the Minister reapproving the project.

Whitehaven Coal is keen to ensure that this litigation is determined as soon as possible. As a respondent, it will request that the Court expedite the hearing of the proceedings.

### 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 and Infrastructure (DoPI) in October 2011 and the Environmental Impact Statement was placed on public display from 5 March, 2013 to 12 April 2013.

Whitehaven reviewed the submissions made during the exhibition period and has issued a Response to Submissions to DoPI. A number of submissions were made after the formal close of the exhibition period. Whitehaven is currently preparing a Supplementary Response to Submissions which addresses the additional submissions.

## INFRASTRUCTURE

The increased railings flowed from careful management and co-ordination with Hunter Valley Coal Chain Coordinator (HVCCC), Pacific National (PN) and the Australian Rail Track Corporation (ARTC).

At NCIG the final stage (2F – 66mtpa) was commissioned in June. NCIG also logged a record month in June handling at a rate of 43Mtpa with a record 66Mtpa shiploading in last week of June.

Whitehaven's first Aurizon train will commence operation on 1 August 2013 as part of a 30t axle load trial. The Aurizon train unit will be fitted with special monitoring equipment to assess the impact of heavier locomotives on the Gunnedah Basin rail track. This trial is the first stage of a joint work program with ARTC to increase the maximum payload of Gunnedah Basin trains from 6,300t to in excess of 8,000t from Q1 2015.

During the quarter PWCS and NCIG each announced reductions in their Coal Handling Charge effective 1 May 2013 and 1 July 2013, respectively. The benefit of these reductions to Whitehaven Coal (100% basis) for FY2014 is in excess of \$16m (more than \$8m at each terminal.)



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

As announced previously, Whitehaven 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.

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 FY2013 and FY2014. This is a significant cost, expected to add approximately \$4/t to cash FOB cost in FY2013 and FY2014.

### CORPORATE

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Whitehaven is committed to 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.

As part of Stage 2 of the operations review, the company will undertake a restructure of its finance and administration areas to a centralised shared service function over coming months to improve process and streamline efficiency.

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. The company has recently implemented a group procurement function to target reductions in costs in key areas of expenditure including tyres, fuel, explosives, electricity, road haulage services and 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 cash on hand at 30 June 2013 of \$110 million and had drawn \$445 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.

Whitehaven had a total of approximately US\$67.5 million in forward US\$/A\$ exchange contracts at the end of March, at an average exchange rate of AUD 1.00 = US\$ 0.9725.

Whitehaven also resolved the legacy legal claim by an ex employee of Aston Resources Limited for an immaterial amount.



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### COAL SALES AND COAL MARKET OUTLOOK

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Coal sales for the June quarter were 2.582 Mt (100% basis), up 80% on the previous corresponding period. Sales of purchased coal were 0.392 Mt in the June quarter, up 605% compared to the previous corresponding period. Export sales comprised 0.408 Mt of metallurgical coal and 2.112 Mt of thermal coal, with domestic thermal coal sales of 0.062 Mt.

The benchmark price of Whitehaven's metallurgical product, Newcastle semi-soft coking coal (SSCC) has declined to around US\$113.50 per tonne FOB in the June quarter and this is expected to reduce in line with market declines to approximately US\$102-103 per tonne FOB in the September 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\$77 per tonne in July. Pricing achieved for the quarter for Thermal Index was US\$84.11/t and Thermal High Ash was US\$75.51/t, with an overall Thermal price of US\$80.01/t.

Whitehaven's realised value for its thermal coal in the second half has been affected adversely by the continued weakness in the market price, adverse foreign exchange rates, and lower energy of Narrabri thermal coal.

With the recommencement of longwall production at Narrabri, and the commissioning of the bypass crusher over the coming weeks, thermal coal energy is expected to improve in the next quarter as described in the operations report.

Significant progress has been made in resolving the issues with off-take contracts, with only one contract remaining to be resolved.

### FOR FURTHER INFORMATION, PLEASE CONTACT:

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