

Whitehaven Coal Limited Quarterly Report to 30 June 2011

2011 JUNE QUARTER HIGHLIGHTS

Thousands of tonnes	Quarter Ending			YTD		
	June 11	June 10	% Change	June 11	June 10	% Change
ROM Coal Production – 100%	1,630	1,191	37%	5,155	4,219	22%
Saleable Coal Production - 100%	1,477	1,006	47%	4,687	3,933	19%
Total Coal Sales – 100%	1,891	1,041	82%	6,647	4,570	45%
Saleable Coal Production - Equity	1,334	902	48%	4,168	3,480	20%
Total Coal Sales – Equity	1,752	946	85%	6,126	4,133	48%

- Whitehaven continued its open-cut expansion during the June quarter with saleable coal production of 1.477 million tonnes (Mt) on a 100% basis, up 47% on the previous corresponding period.
- Coal sales were 1.891Mt for the June quarter (100% basis), up 82% on the previous corresponding period. Sales comprised 1.480 Mt of produced coal and 0.411 Mt of purchased coal. Export sales comprised 0.277 Mt of metallurgical coal and 1.563 Mt of thermal coal, with domestic thermal coal sales of 0.051 Mt.
- Saleable coal production was affected adversely during the first half of the financial year by an unusually high number of wet weather days; however the Gunnedah Basin was not affected significantly by wet weather in the June quarter.
- The economic impact of lost production from wet weather in the first half was compounded by a number of factors as explained in the December quarterly report, resulting in total coal purchases of 1.472 Mt as at the end of March. In addition, a further 1.015 Mt of legacy thermal coal contracts were cash settled as at the end of March, where neither Whitehaven production nor purchased coal was available for delivery.
- A further 0.57 Mt of legacy contracts have been delivered in the June quarter. 0.076 Mt was purchased to deliver into legacy contracts with a further 0.331 Mt cash settled during the quarter. This leaves around 1.6 Mt of legacy contracts remaining to be delivered in FY 2012, most of which will be delivered by 31 December 2011.
- The open cut mines produced at an annual rate of almost 6 Mtpa of saleable coal in the June quarter with the full benefits of upgrades to mining equipment and the Gunnedah CHPP realised; and little adverse weather impact.



- Narrabri underground development continued during the June quarter with four continuous miners now working and a total of 233 thousand tonnes (Kt) of ROM coal produced for the year. Mining conditions remain very good underground and development progressed well during the quarter. Some 200 Kt of coal has been shipped from Narrabri so far and the quality of coal is meeting expectations.
- Narrabri has continued the successful pre-drainage of in-seam gas (85% CO₂) to levels below the threshold 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 in order to create an inventory of drained coal ahead of mining.
- Narrabri is continuing to experience difficulty in recruiting sufficient experienced underground miners, however development rates are being maintained with longwall mining scheduled to commence in the third quarter of FY 2012.
- Delivery of longwall equipment is on schedule to be available for December 2011, with pre-commissioning at supplier facilities in Australia in progress. Construction of Stage 2 surface facilities including the CHPP, ventilation shaft and other ancillary works is proceeding on time and budget.
- The new NCIG port continues to ramp up and Whitehaven has been able to utilize most of its share of this new capacity during FY 2011. Construction of the second stage (2AA) of NCIG is underway and is expected to be commissioned in mid-2012, taking capacity to 53 Mtpa. Final feasibility of the last stage of NCIG (2F) is complete and commitment to construction is expected in August 2011. This will take the port to its full capacity of 66 Mtpa in 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 on a 100% basis.
- Rail capacity is continuing to increase with the Whitehaven-owned coal train now being fully utilised and the first of Whitehaven's new Pacific National (PN) trains now fully operational. A third new train is scheduled for delivery in October 2011. Trials are progressing well to increase new train size from 72 wagons to 82 wagons. This will increase train size from 5,400 tonnes to 6,150 tonnes (+14%) and provide enhanced utilisation of track capacity.
- Cash on hand at 30 June was \$207 million.
- Whitehaven had a total of approximately US\$320m in forward US\$/A\$ exchange contracts at the end of June, at an average exchange rate of AUD 1.00 = US\$ 0.8850.
- Whitehaven expects to achieve its underlying net profit after tax (NPAT) before Significant Items guidance of A\$70m for FY 2011, subject to any accounting adjustments that may eventuate during the finalisation of the year end accounts.

COAL PRODUCTION

Whitehaven's open-cut mines (Tarrawonga, Werris Creek, Rocglen and Sunnyside) experienced little impact from wet weather in the June quarter and produced at the annual rate of almost 6 Mtpa of saleable coal. This was assisted by the Gunnedah CHPP upgrade which was completed in the March quarter and is now providing additional washing and coal handling capacity.

COAL SALES

Total coal sales of 1.891 Mt for the June quarter (100% basis) increased by 82% over the previous corresponding period, with sales of 1.480 Mt of produced coal and 0.411 Mt of purchased coal.

Coal purchases were again necessary in the June quarter, however at a much lower rate than in the first three quarters; as production improved.

Low metallurgical coal sales of 0.277 Mt for the June quarter reflected a weaker take up of metallurgical coal contracts as a result of damage to steel plants on the east coast of Japan.

The metallurgical coal price ex-Newcastle (Semi-Soft/PCI) for the September 2011 quarter has been set at up to US\$210/t. After including delivery of carry-over tonnage from the June quarter, Whitehaven expects to achieve an average of approximately US\$200/t in the September quarter.

Export thermal coal sales were 1.563 Mt for the June quarter, including sales of 0.391 Mt of purchased coal. In addition, 0.331 Mt of legacy contracts were cash settled during the quarter as no produced or purchased coal was available for delivery.

Japanese term contract prices for thermal coal have been fixed at around US\$127.50/t for the new Japanese fiscal year (April 2011 to March 2012), while the current spot price for Newcastle thermal coal is around US\$122/t FOB.

NARRABRI DEVELOPMENT

Development of the Narrabri mine is proceeding as planned with construction of Stage 2 facilities and delivery of longwall and other equipment on schedule and budget. The Narrabri CHPP plant will begin commissioning in the next few weeks and the upgraded ventilation fans and shaft are well advanced.

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

Mining conditions underground are excellent and development rates have improved as skills and experience grow and as development has moved away from pit-bottom setup into normal main road and longwall gate road development.

Some delays continue to be experienced in development as a result of the slower buildup in manning and the late start of the contract for the fourth continuous miner unit, however at current development rates, commencement of longwall extraction is scheduled for the third quarter of FY 2012.

Development of the main gate and tail gate roads for the first longwall panel is on the critical path for commencement of longwall mining and progress against schedule is being monitored closely. Sales of more

than 200 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 estimate of approximately \$300 million (100% basis).

VICKERY PROJECT

Work has continued at Vickery during the June quarter, to further define JORC resources and to define the mine development plan. To date, a JORC open-cut coal resource of 405 Mt has been defined in the combined Vickery area (Vickery, Merton, Bluevale and Canyon Extended). Initial mine planning has defined an open-cut JORC marketable reserve of some 47 Mt, however this is only in one area of the resource.

Work is now well advanced to define an open-cut mine plan for the Vickery area. Whitehaven expects this work to produce an open-cut mine plan for Vickery of around 5 Mtpa ROM for at least 20 years with a stripping ratio of less than 10:1.

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, along with a component of low-ash, low-sulphur, high-energy thermal 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 development approval for Vickery in calendar 2012, with the aim of having approval and being in a position to commence mine production in calendar 2013.

OTHER BUSINESS DEVELOPMENT

Following substantial upgrades to coal resources and reserves, applications have been lodged for modifications to the existing Project Approvals for the Tarrawonga and Werris Creek mines.

At Tarrawonga, the application is to extend the mine life to cover the full JORC reserve at up to 3.0 Mtpa and at Werris Creek, the application is to extend the mine life to cover the full JORC reserve at up to 2.5 Mtpa.

An application has also been made to modify the Rocglen Project Approval to take account of modified geological information and mine planning. No change to the Rocglen maximum production rate of 1.5 Mtpa is planned.



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 will be provided by PN 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 underway and is expected to be commissioned in mid-2012, taking the capacity of NCIG to 53 Mtpa. Final feasibility of the last stage of NCIG (2F) is complete and commitment to construction is expected in August. This will take the port to its full capacity of 66 Mtpa in late 2013, of which Whitehaven's share will be approximately 6 Mtpa.

COAL RESERVES AND RESOURCES

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

CORPORATE

A formal process was initiated in late October 2010 to consider potential offers for the company. Non-binding proposals were received in early February and selected parties were invited to conduct full due diligence and submit binding proposals by early April.

As reported previously, no proposals were received which were sufficiently attractive to recommend to shareholders and the process was therefore terminated.

Cash on hand at 30 June was \$207 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.

Whitehaven had a total of approximately US\$320million in forward US\$/A\$ exchange contracts at the end of June 2011, at an average rate of 0.8850 US\$/A\$. The hedging profile at the end of June is:

Currency Hedging at 30/06/11		FY 2012	FY 2013	Total
Principal	US\$m	320	-	320
Rate	US\$/A\$	0.8850	-	0.8850

CARBON TAX

The Federal government recently announced details of a proposed carbon tax commencing on 1st July 2012. The proposal is for a price commencing at \$23 per tonne of CO² equivalent. At this price, the company's current estimate of the impact of the tax is approximately \$1.60 per tonne of saleable coal from the company's open cut and underground mines. Further work is being undertaken to firm up the impact of the carbon tax on Whitehaven business and we will advise as more information becomes available.

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

Thousands of tonnes	Quarter Ending			Year to Date		
	Jun-11	Jun-10	% Change	Jun-11	Jun-10	% Change

Gunnedah Operations (100%)

	Jun-11	Jun-10	% Change	Jun-11	Jun-10	% Change
ROM Coal Production	867	753	15%	3,113	2,936	6%
Saleable Coal Production	807	591	36%	2,761	2,652	4%
Sales of Produced Coal	773	580	33%	2,788	2,569	9%
Sales of Purchased Coal**	411	68	503%	1,883	793	138%
Total Coal Sales	1,184	648	83%	4,671	3,361	39%
Coal Stocks at period end	282	327	-14%	282	327	-14%

Werris Creek (100%)

	Jun-11	Jun-10	% Change	Jun-11	Jun-10	% Change
ROM Coal Production	674	438	54%	1,809	1,283	41%
Saleable Coal Production	602	415	45%	1,722	1,280	34%
Sales of Produced Coal	630	393	60%	1,777	1,209	47%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	630	393	60%	1,777	1,209	47%
Coal Stocks at period end	186	143	30%	186	143	30%

Narrabri (100%)

	Jun-11	Jun-10	% Change	Jun-11	Jun-10	% Change
ROM Coal Production	90	-	-	233	-	-
Saleable Coal Production	68	-	-	205	-	-
Sales of Produced Coal	77	-	-	198	-	-
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	77	-	-	198	-	-
Coal Stocks at period end	36	-	-	36	-	-

Total Whitehaven Group (100%)

	Jun-11	Jun-10	% Change	Jun-11	Jun-10	% Change
ROM Coal Production	1,630	1,191	37%	5,155	4,219	22%
Saleable Coal Production	1,477	1,006	47%	4,687	3,933	19%
Sales of Produced Coal	1,480	972	52%	4,763	3,778	26%
Sales of Purchased Coal**	411	68	504%	1,883	793	138%
Total Coal Sales	1,891	1,041	82%	6,647	4,570	45%
Coal Stocks at period end	503	470	7%	503	470	7%

Thousands of tonnes	Quarter Ending			Year to Date		
	Jun-11	Jun-10	% Change	Jun-11	Jun-10	% Change

Gunnedah Operations (Equity Share)

ROM Coal Production	734	634	16%	2,620	2,441	7%
Saleable Coal Production	684	487	41%	2,303	2,200	5%
Sales of Produced Coal	657	469	40%	2,327	2,101	11%
Sales of Purchased Coal**	411	68	503%	1,883	793	138%
Total Coal Sales	1,068	553	93%	4,210	2,924	44%
Coal Stocks at period end	233	288	-19%	233	288	-19%

Werris Creek (Equity Share)

ROM Coal Production	674	438	54%	1,809	1,283	41%
Saleable Coal Production	602	415	45%	1,722	1,280	34%
Sales of Produced Coal	630	393	60%	1,777	1,209	47%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	630	393	60%	1,777	1,209	47%
Coal Stocks at period end	186	143	30%	186	143	30%

Narrabri (Equity Share)

ROM Coal Production	63	-	-	163	-	-
Saleable Coal Production	48	-	-	143	-	-
Sales of Produced Coal	54	-	-	139	-	-
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	54	-	-	139	-	-
Coal Stocks at period end	25	-	-	25	-	-

Total Whitehaven Group (Equity Share)

ROM Coal Production	1,471	1,072	37%	4,592	3,724	23%
Saleable Coal Production	1,334	902	48%	4,168	3,480	20%
Sales of Produced Coal	1,341	862	56%	4,243	3,310	28%
Sales of Purchased Coal**	411	68	503%	1,883	793	138%
Total Coal Sales	1,752	946	85%	6,126	4,133	48%
Coal Stocks at period end	444	430	3%	444	430	3%

** sales of externally purchased coal

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