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WHITEHAVEN COAL LIMITED

QUARTERLY REPORT TO 30 SEPTEMBER 2009 (Q1 FY 2010)

Highlights

<i>Thousands of tonnes</i>	Quarter Ending			Year to Date		
	Sep 2009	Sep 2008	% Chge	FY 2009	FY 2008	% Chge
ROM Coal Production – 100%	1,107	737	+50%	1,107	737	+50%
Saleable Coal Production - 100%	1,043	742	+41%	1,043	742	+41%
Total Coal Sales – 100%	1,144	935	+22%	1,144	935	+22%
Saleable Coal Production - Equity	886	601	+47%	886	601	+47%
Total Coal Sales - Equity	1,017	827	+23%	1,017	827	+23%

- Whitehaven continued its opencut expansion with record run-of-mine (ROM) coal production of 1.107 million tonnes (Mt) for the September quarter (100% basis), up 50% on the previous corresponding period. Record saleable coal production was 1.043 Mt for the September quarter (100% basis), up 41% on the previous corresponding period;
- Coal sales were 1.144 Mt for the September quarter (100% basis), up 22% on the previous corresponding period, These sales comprised 0.946 Mt of produced coal (up 51%) and 0.199 Mt of purchased coal (down 35%). Export sales comprised 0.343 Mt of metallurgical coal and 0.776 Mt of thermal coal, with domestic thermal coal sales of 0.025 Mt;
- Increased rail capacity continues to meet Whitehaven’s expansion requirements, however 3.6 Mtpa of port capacity at Port Waratah Coal Services (PWCS) remains a constraint;
- Construction of the new NCIG coal loading terminal at Newcastle, of which Whitehaven owns 11%, remains on track to ship its first coal in late March 2010;
- Construction of the Narrabri mine (Stage 1) continues to progress well. Re-scheduling of the remaining drift tunnelling is expected to delay the first intersection of the coal seam by around one month, until late January, but is expected to bring forward overall completion of the three drift tunnels by a similar period;
- The Narrabri longwall was ordered in September for delivery in late 2010 and installation in early 2011. The longwall specification allows for the retro-fitting of top coal caving equipment, should this high-seam mining method prove suitable for Narrabri’s 9 metre thick coal seam;
- FIRB approval has now been received for the previously announced sale of a 7.5% interest in the Narrabri Joint Venture to a Korean consortium of Daewoo International and KORES for \$125 million. Approval from the Korean authorities and completion of the transaction is expected shortly;

- Agreement was reached with Coal & Allied Industries Limited to acquire the Vickery assets for \$31.5 million plus approximately 1,150 hectares (ha) of land. The Vickery assets comprise Authorisation 406, Coal Lease 316, approximately 3,450 ha of associated land and 399 megalitres per year of water licences.

The Vickery coal tenements adjoin Whitehaven's Gunnedah tenements and contain substantial opencut and underground coal resources (not JORC compliant). The Vickery acquisition further consolidates Whitehaven's coal tenements in the region and is expected to provide additional opencut and underground mine development opportunities for Whitehaven;

- Whitehaven completed a new equity issue in July which raised \$206 million (net of costs) at \$3.05 per share. This funding, together with cash from operations and funding from the previously announced sales of interests in the Narrabri Joint Venture, is expected to provide adequate funding for the completion of Stages 1 and 2 of Narrabri and for Whitehaven's other current growth plans. Cash on hand at 30 September was \$286 million;
- Whitehaven had a total of approximately US\$420m in forward US\$/A\$ exchange contracts at the end of September, at an average exchange rate of AUD 1.00 = US\$ 0.7611.

Coal Production

- Whitehaven's rate of saleable coal production was as planned in the September quarter, but remains constrained in the short term by insufficient port capacity at PWCS;
- All of Whitehaven's opencut mines (Tarrowonga, Werris Creek, Rocglen and Sunnyside) performed well during the quarter and are on track to achieve their target production levels;
- Preparatory work is now underway to expand Whitehaven's opencut mines to their combined design and permitted capacity of approximately 5.5 Mtpa of saleable coal. This expansion is being scheduled over the next 9-12 months, together with initial production from Narrabri, to coincide with the ramp-up of port capacity at NCIG;
- The last coal from Canyon was mined in July. Rehabilitation of Canyon is well advanced and is expected to be complete by the end of 2009.

Coal Sales

- Total coal sales of 1.144 Mt for the September quarter were up 22% on the previous corresponding period, with sales of produced coal up 51% at 0.946 Mt and sales of purchased coal down 35% to 0.199 Mt;
- Metallurgical coal sales of 0.343 Mt for the quarter were in line with plan, with a much stronger metallurgical coal market being evident during the quarter. The current spot price for PCI coal is thought to be around US\$110 per tonne, compared to the 2009 contract price of around US\$80 per tonne;
- Export thermal coal sales of 0.776 Mt for the quarter were in line with plan. The current forward price for Newcastle thermal coal of around US\$81 per tonne for calendar 2010 compares to the 2009 contract price of around US\$70 per tonne and the recent mid-year contract settlements at around US\$75 per tonne;
- Whitehaven currently has export sales tonnages and prices fixed for the majority of planned production through until June 30, 2010.

Narrabri Development

- Construction of Narrabri Stage 1 progressed in line with plan during the quarter. Surface works are nearing completion with the main ROM conveyor and stack-out system now operating and the coal reclaim and rail load-out system to be commissioned in November;
- The three underground drift entries also progressed well during the quarter with drilling and blasting through the sill completed. A detailed review in October of the remaining drift schedule has led to a change from 2 heading development to 3 heading development for the remainder of the job.

While this change is expected to delay intersection of the coal seam in the first drift by around one month, to late January, it is expected to allow faster completion of the three drifts, thereby allowing initial coal production to progress as planned;

- Underground mining equipment is now on site at Narrabri to enable initial production to commence as soon as possible. Recruitment of the underground workforce has also commenced with some 60 employees currently being sought;
- Stage 1 production from Narrabri is scheduled to be available, along with additional opencut production, to utilise NCIG port capacity as it becomes available from the end of March;
- The application for Narrabri Stage 2 approval was lodged with the NSW Government during the quarter and is expected to progress through the system in due course;
- Also during the quarter, the longwall for Narrabri Stage 2 was specified and ordered from Bucyrus. Delivery of the longwall is scheduled for the last quarter of calendar 2010, with installation underground scheduled for early 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 resources and reserves and to substantially increase annual production;
- Construction costs for Narrabri Stage 1 are still expected to be within 10% of the A\$185m budget, however the final cost of the underground drifts remains exposed to ground conditions as work is completed;
- A detailed design review of Stage 2 was completed during the quarter and confirmed the budget cost estimate of approximately \$300 million (100% basis).

Other Business Development

- Work is progressing 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 recent substantial upgrades to coal resources and reserves at both mines;
- Whitehaven entered into an agreement during the quarter with Coal & Allied Industries Limited to acquire the Vickery Coal Project ("Vickery") for \$31.5 million cash plus approximately 1,150 ha of land in the Gunnedah region. The transaction is subject to normal regulatory approvals;
- Vickery assets being 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 until recently produced export coal from its Canyon Mine, which is located immediately to the north of Vickery. Whitehaven also holds EL4699 which is located northwest of Vickery and the company's Rocglen Mine is immediately to the east;
- Whitehaven will be targeting the development of both opencut and underground operations at Vickery. In the near term, Whitehaven intends to focus on the exploration and definition of an open cut area called Bluevale;
- Beyond this, there are nine coal seams contained within the Vickery tenements. Three of these seams, the Shannon Harbour, Stratford and Cranleigh seams are believed to have economic potential. These seams are thought to be too deep for open cut mining but are expected to be amenable to underground mining methods. The quality of these coal seams ranges from high volatile soft coking coal to low ash, high energy thermal coal;
- 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 in the next year, substantial open cut and underground coal resources will be defined.

Infrastructure

- Further ARTC track upgrades were completed during June with some 6 train paths per day now available for Gunnedah basin shippers (Whitehaven and Boggabri Coal);
- While only 3 paths per day are currently necessary to meet Gunnedah Basin needs, Whitehaven, Boggabri Coal and ARTC are focussed on the further track upgrades required to meet the ongoing growth requirements of both companies;
- An Implementation Memorandum (IM) regarding a system for providing access to additional port capacity at Newcastle was agreed by Newcastle Ports Corporation, PWCS and NCIG in April and subsequently approved by ACCC. Under this agreement, Whitehaven will have access to at least 9.5 Mtpa of port capacity from PWCS and NCIG stages 1 and 2;
- Construction of the new NCIG coal loading terminal (Whitehaven owns 11%) remains on track to ship its first coal at the end of March 2010.

Coal Reserves and Resources

- An update of JORC Resources and Reserves was provided to shareholders during the quarter. Whitehaven is continuing to review JORC Resources and Reserves and expects to provide a further update at the time of announcing its half-year financial results in March.

Corporate

- A final dividend of 6 cents per share was paid to Whitehaven shareholders on 30 September, consistent with Whitehaven's policy of paying dividends each year equal to 50% of Net Profit After Tax (excluding Significant Items);
- Whitehaven completed a new share issue during the quarter, raising a net \$206 million at \$3.05 per share. This funding, together with funds to be received from the previously announced sales of Narrabri Joint Venture interests and cash from operations, is expected to provide sufficient funding to complete the development of Narrabri and the expansion of Whitehaven's existing opencut mines;

- Whitehaven currently has no bank debt and continued to generate strong cash flow from operations in the quarter. Cash on hand at 30 September was \$286 million with approximately \$87 million in equipment finance leases and other interest bearing liabilities. Discussions have now been completed with two Australian banks to replace Whitehaven's existing equipment leasing, bank guarantee and FX facilities;
- Whitehaven had a total of approximately US\$420 million in forward US\$/A\$ exchange contracts at the end of September, at an average rate of 0.7611 US\$:A\$. For the balance of FY 2010, Whitehaven has forward exchange contracts representing some 96% of expected fixed price US\$ revenue. The hedging profile at the end of September is as follows:

<u>Currency Hedging at 30/9/09</u>		FY 2010	FY 2011	FY 2012	Total
Principal	US\$m	240	168	12	420
Rate	US\$/A\$	0.7438	0.7831	0.8215	0.7611

- During September, the Narrabri longwall was ordered. Approx. 70% of the longwall will be paid in Euro which has been hedged at an average rate of 0.5902 Euro:A\$.

Detailed production results for the third quarter of FY 2009 for Whitehaven Coal Limited (ASX: WHC) and its controlled entities are set out in the following table.

Thousands of tonnes	Quarter Ending			Year to Date		
	Sep-09	Sep-08	% Change	Sep-09	Sep-08	% Change

Gunnedah Operations (100%)

ROM Coal Production	812	493	65%	812	493	65%
Saleable Coal Production	736	501	47%	736	501	47%
Sales of Produced Coal	661	383	73%	661	383	73%
Sales of Purchased Coal**	199	307	-35%	199	307	-35%
Total Coal Sales	859	690	25%	859	690	25%
Coal Stocks at period end	348	230	52%	348	230	52%

Werris Creek (100%)

ROM Coal Production	295	269	9%	295	269	9%
Saleable Coal Production	307	241	27%	307	241	27%
Sales of Produced Coal	285	243	17%	285	243	17%
Sales of Purchased Coal**	-	-	-	-	-	-
Total Coal Sales	285	243	17%	285	243	17%
Coal Stocks at period end	100	115	-13%	100	115	-13%

Total Whitehaven Group (100%)

ROM Coal Production	1,107	737	50%	1,107	737	50%
Saleable Coal Production	1,043	742	41%	1,043	742	41%
Sales of Produced Coal	946	628	51%	946	628	51%
Sales of Purchased Coal**	199	307	-35%	199	307	-35%
Total Coal Sales	1,144	935	22%	1,144	935	22%
Coal Stocks at period end	449	345	30%	449	345	30%

Gunnedah Operations (Equity Share)

ROM Coal Production	669	338	98%	669	338	98%
Saleable Coal Production	579	360	61%	579	360	61%
Sales of Produced Coal	534	267	100%	534	267	100%
Sales of Purchased Coal**	199	307	-35%	199	307	-35%
Total Coal Sales	732	574	28%	732	574	28%
Coal Stocks at period end	316	162	95%	316	162	95%

Werris Creek (Equity Share)

ROM Coal Production	295	269	9%	295	269	9%
Saleable Coal Production	307	241	27%	307	241	27%
Sales of Produced Coal	285	243	17%	285	243	17%
Sales of Purchased Coal**	-	11	-100%	-	11	-100%
Total Coal Sales	285	254	12%	285	254	12%
Coal Stocks at period end	100	115	-13%	100	115	-13%

Total Whitehaven Group (Equity Share)

ROM Coal Production	964	607	59%	964	607	59%
Saleable Coal Production	886	601	47%	886	601	47%
Sales of Produced Coal	819	520	57%	819	520	57%
Sales of Purchased Coal**	199	307	-35%	199	307	-35%
Total Coal Sales	1,017	827	23%	1,017	827	23%
Coal Stocks at period end	416	277	50%	416	277	50%

** sales of externally purchased coal

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