

QUARTERLY REPORT

13 July 2017



June Quarter 2017 – Record year for Whitehaven

HIGHLIGHTS

- Strong safety performance – Group TRIFR 7.42 at the end of June
- June quarter ROM coal production of 6.6Mt and saleable coal production of 5.5Mt, up 18% and 7% respectively on previous corresponding period (pcp)
- Full year ROM coal production of 23.1Mt, up 13% on pcp
- Record full year saleable coal production of 20.8Mt, up 6% on pcp
- Managed and equity sales of 20.7Mt and 15.8Mt, up 3% and 2% respectively on pcp
- The three Gunnedah open cuts produced a record 2.1Mt ROM coal in the quarter
- Full year ROM coal production of 9.7Mt from Maules Creek mine, operating at 10.5Mtpa rate in the second half
- Full year ROM coal production from Tarrawonga and Rocglen of 2.7Mt and 1.6Mt respectively
- Longwall changeout at Narrabri completed and mining the first 400m wide panel has commenced

GUIDANCE PREVIOUSLY PROVIDED FOR FY2017

	Actual Outcome	Guidance provided for FY2017
Maules Creek	9.729Mt ROM	9.5Mt to 9.8Mt ROM
Narrabri	7.267Mt ROM	7.5Mt to 7.8Mt ROM
Gunnedah	6.142Mt ROM	5.2Mt to 5.5Mt ROM
Total Saleable Production	20.8Mt	21Mt to 22Mt Saleable Coal
Costs	Costs for FY17 to be about \$2/t higher than for FY16	

MANAGED PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2017	Jun 2016	Change	Jun 2017	Jun 2016	Change
ROM Coal Production	6,573	5,570	18%	23,137	20,504	13%
Saleable Coal Production	5,478	5,134	7%	20,783	19,691	6%
Total Coal Sales	5,477	5,187	6%	20,672	20,127	3%

WHITEHAVEN EQUITY PRODUCTION AND SALES SUMMARY

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2017	Jun 2016	Change	Jun 2017	Jun 2016	Change
Whitehaven Equity Totals						
Equity ROM Coal Production	5,110	4,314	18%	17,718	15,760	12%
Equity Saleable Coal Production	4,198	3,991	5%	15,769	15,072	5%
Equity Sales of Produced Coal	4,134	3,886	6%	15,487	15,432	0%
Sales of Purchased Coal	72	43	67%	328	79	315%
Total Equity Coal Sales	4,206	3,929	7%	15,815	15,511	2%
Equity Coal Stocks at period end	2,371	1,307	81%	2,371	1,307	81%

SAFETY

Another strong safety performance for the quarter with Whitehaven's TRIFR of 7.42 recordable injuries per million hours worked at the end of June.

Whitehaven's TRIFR remains well below the NSW coal mining average of 14.7.

COAL SALES

Managed coal sales, excluding sales of purchased coal, for the June quarter were 5.396Mt, up 5% on the previous corresponding period. Sales in the quarter comprised 25% metallurgical coal and 75% thermal coal. Equity coal sales excluding purchased coal in the June quarter were 4.134Mt, up 6% on the previous corresponding period and comprised 64% high CV thermal, 25% metallurgical coal and 11% low CV thermal coal.

Overall sales for the quarter were below expectations following a grain train derailment in early June, slower than expected recovery from a planned maintenance programme on the rail line by ARTC and some port congestion at the end on the period.

Equity sales for FY2017 excluding purchased coal were 15.486Mt, similar to the previous year. Sales comprised 22% metallurgical coal and 78% thermal coal. Sales of metallurgical coal continue to increase primarily due to Maules Creek ramping up production of semi soft coking coal. However, incremental sales of metallurgical coal from Maules Creek in the June quarter were lower than anticipated as the combination of a high thermal spot price and relatively low semi soft spot price made it more commercially attractive to produce and sell a higher proportion of Maules Creek coal as thermal. The pricing differential between thermal and semi soft coking coal that prevailed the June quarter is expected to normalise sometime in the next quarter and Maules Creek will resume growing incremental metallurgical coal production and sales.

Whitehaven expects to sell about 1.0Mt (100% basis) of metallurgical coal in the September quarter with about 60% of the sales index or spot price linked and the balance quarterly benchmark price linked.

MAULES CREEK MINE

Whitehaven 75%

As expected Maules Creek established new production records for the June quarter and the full year. ROM coal production from the mine in the two periods was 2.764Mt and 9.729Mt respectively. Production for the two periods was significantly above the previous corresponding periods as the ramp up of production progressed. The mine operated at 10.5Mtpa for the second half of the year following the deployment of additional equipment late in the first half of the year.

The next step up in production will occur in early FY2019 when additional mining equipment is to be added to the fleet. As a result production for FY2018 is forecast to be 10.5Mt ROM coal. Mining below the Braymont seam commenced during the quarter which will enable access to the lower seams in the deposit later this year. The coking properties of the coal in these seams are expected to be better than in the upper seams improving the overall quality of the metallurgical coal produced by the mine

Saleable coal production for the quarter and year was 2.478Mt and 8.986Mt, up 10% and 22% respectively. Metallurgical coal sales of 0.821Mt in the June quarter represented 32% of the total sales from the mine. Full year sales of metallurgical coal were 2.321Mt and comprised 26% of total sales.

NARRABRI MINE

Whitehaven 70%

The longwall changeout from LW106 to LW107 (the first 400 metre wide panel) was completed in mid-April with the mining rate building momentum as minor commissioning issues on the wider longwall face were resolved. Average weekly production from the longwall is exceeding expectations. The capex for the project came in on budget with most of the remaining spend occurring during the June quarter.

ROM coal production for the quarter was 1.675Mt, up by 22% compared to the previous corresponding period which was impacted by a longwall changeout. ROM coal production for the full year was 7.267Mt, up by 6% on the previous corresponding period. The next longwall changeout is currently scheduled for March/April 2018.

Saleable coal production for the quarter was 1.570Mt and coal sales were 1.510Mt, up 12% and 3% respectively.

Full year saleable coal production and sales were 6.987Mt and 6.823Mt lower by 4% and 9% respectively compared to the previous corresponding period.

Roadway development for the June quarter was 4,247 metres and for the full year was 18,437 metres. Development of the next longwall panel (LW108) is advancing on schedule.

GUNNEDAH OPEN CUTS

The three Gunnedah open cuts – Tarrawonga, Rocglen and Werris Creek produced a record 2.134Mt of ROM coal for the quarter compared to 1.729Mt in the previous corresponding period. Both Tarrawonga and Rocglen established new production records and production from Werris Creek was close to its previous quarterly record. The outstanding production outcome from the three mines and the Gunnedah CHPP was supported by a strong safety performance with zero injuries recorded across all the assets in the quarter.

ROM coal production from the three mines for the full year was 6.142Mt, up 6% on the previous corresponding period. Saleable coal production for the year was 4.811Mt. The strong production outcome, especially in the final month of the year, has seen coal stocks increase at the end of the year.

Tarrawonga Mine

Whitehaven 70%

Tarrawonga produced 0.896Mt of ROM coal in the quarter compared to 0.757Mt in the previous corresponding period. Saleable coal production was 0.633Mt for the quarter, up 18% from the previous corresponding period. Coal sales for the period were 0.608Mt, 17% higher than the previous corresponding period.

ROM coal production for the full year was 2.692Mt, 12% higher than for the previous corresponding period. Saleable coal production and coal sales were 2.241Mt and 2.178Mt, up 13% and 10% respectively on the previous corresponding period.

Rocglen Mine

Rocglen produced 0.494Mt ROM coal for the quarter compared to 0.327Mt in the previous corresponding period. Saleable coal production and coal sales for the quarter were 0.277Mt and 0.245Mt respectively, lower by 6% and 23% from the previous corresponding period.

ROM coal production for the full year was a record 1.641Mt, up by 29% on the previous corresponding period. Saleable coal production and coal sales were 0.934Mt and 0.903Mt, up 2% and 3% respectively on the previous corresponding period.

Werris Creek Mine

The mine produced 0.744Mt of ROM coal in the quarter compared to 0.644Mt in the previous corresponding period.

ROM coal production for the full year was 1.809Mt, lower by 14% on the previous corresponding period. Reduced production was expected from the revised mine plan adopted earlier in the year. Saleable coal production and coal sales were 1.636Mt and 1.535Mt, lower by 24% and 32% respectively on the previous corresponding period.

VICKERY PROJECT

Work progressed on the finalisation of the Environmental Impact Statement (EIS) required for Government approval for an expanded Vickery mine (10Mtpa). The EIS document and supporting documents are due to be lodged as soon as some final optimisation work is completed, likely by the end of the September quarter. Discussions with numerous interested parties regarding the formation of a joint venture will commence following the lodgment of the EIS.

Timing for start-up of the Vickery project remains market dependent, but will likely occur once Maules Creek has been fully ramped up to its 13Mtpa capacity.

CORPORATE

There are US\$64.0 million in forward A\$/US exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.7468. These contracts are deliverable between July 2017 and October 2017.

COAL PRICES - EQUITY

The quarterly benchmark prices for all metallurgical coals types were finally settled late in the June quarter following the disruption to price negotiations caused by Cyclone Debbie which hit in late March. Both customers and producers found it difficult to agree a price with so much uncertainty on the size and duration of the impact to coal supply early in the quarter. The semi soft coking coal benchmark price was eventually settled at US\$126/t for the June quarter based on a historical discount to the prime hard coking coal benchmark of US\$193.60. For the first time the hard coking coal price was based on a 3 month average of spot index prices. The low volatile PCI benchmark agreed at US\$135/t was also based on a historical discount to the HCC price. Negotiations are still underway for the September quarter benchmark prices.

Whitehaven achieved an average price of US\$106/t in the June quarter for its sales of metallurgical coal products. The achieved price reflects a combination of quarterly benchmark linked term contracts and spot index linked prices in the period. Spot prices for semi soft coking coal traded in the range of US\$88/t to US\$130/t during the June quarter. The change underway in metallurgical coal contract pricing mechanism is seeing increasing application of index linked price sales contracts across all metallurgical coal types, even for well-established suppliers, as producers and end users seek to manage pricing exposure and volatility. Whilst Maules Creek is in a growth phase, uncontracted tonnes of semi soft coking coal will be sold on a spot basis until term contracts are agreed. Whitehaven anticipates that about 40% of semi soft sales will be contracted in the September quarter.

The globalCOAL NEWC Index thermal coal price averaged US\$79.66/t for the June quarter with Whitehaven achieving an average price of US\$83/t, a 4% premium, for all of its thermal coal sales during the quarter.

High quality Maules Creek thermal coal sales continued to achieve a premium of more than 9% above the Index price at the time of the sale. The premium reflects the high quality of the coal i.e. lower ash and higher energy than the globalCOAL NEWC specification.

COAL OUTLOOK

Thermal coal prices declined into May and have since rallied as demand from power generators in China increased. Power demand was up by 8% YOY in the first four months of this year and stringent safety checks at many mines in China have combined to support higher domestic coal prices. These higher prices have flowed back into the seaborne market. Demand in other key seaborne markets remains steady and Indonesian supply continues to be impacted by weather related delays, which supports expectations that thermal coal prices will remain in a relatively narrow range around current levels in the near term.

Spot metallurgical coal prices are now stabilising and should remain around current levels in the near term. If maintained into the future, the changes to the quarterly benchmark pricing methodology will result in closer correlation between quarterly benchmark and spot index prices.

EXPLORATION

Exploration expenditure incurred by Whitehaven during the June quarter was \$203k and for the full year \$417k.

PRODUCTION AND SALES BY MINE

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2017	Jun 2016	Change	Jun 2017	Jun 2016	Change
Maules Creek						
ROM Coal Production	2,764	2,471	12%	9,729	7,826	24%
Saleable Coal Production	2,478	2,249	10%	8,986	7,384	22%
Sales of Produced Coal	2,591	2,138	21%	8,879	7,421	20%
Coal Stocks at period end	636	609	5%	636	609	5%
Narrabri						
ROM Coal Production	1,675	1,370	22%	7,267	6,888	6%
Saleable Coal Production	1,570	1,402	12%	6,987	7,269	(4%)
Sales of Produced Coal	1,510	1,469	3%	6,823	7,532	(9%)
Coal Stocks at period end	318	135	136%	318	135	136%
Tarrawonga						
ROM Coal Production	896	757	18%	2,692	2,405	12%
Saleable Coal Production	633	537	18%	2,241	1,976	13%
Sales of Produced Coal	608	518	17%	2,178	1,973	10%
Coal Stocks at period end	718	481	49%	718	481	49%
Rocglen						
ROM Coal Production	494	327	51%	1,641	1,276	29%
Saleable Coal Production	277	296	(6%)	934	912	2%
Sales of Produced Coal	245	318	(23%)	903	880	3%
Coal Stocks at period end	545	166	229%	545	166	229%
Werris Creek						
ROM Coal Production	744	644	15%	1,809	2,110	(14%)
Saleable Coal Production	520	651	(20%)	1,636	2,150	(24%)
Sales of Produced Coal	442	702	(37%)	1,535	2,242	(32%)
Coal Stocks at period end	623	254	146%	623	254	146%
Whitehaven Group Totals						
ROM Coal Production	6,573	5,570	18%	23,137	20,504	13%
Saleable Coal Production	5,478	5,134	7%	20,783	19,691	6%
Sales of Produced Coal	5,396	5,144	5%	20,318	20,048	1%
Sales of Purchased Coal	81	43	87%	354	79	348%
Total Coal Sales	5,477	5,187	6%	20,672	20,127	3%
Coal Stocks at period end	2,841	1,644	73%	2,841	1,644	73%