



WHITEHAVEN COAL

QUARTERLY REPORT

SEPTEMBER 2014 QUARTERLY PRODUCTION REPORT

HIGHLIGHTS

- Safety performance improved with reduction in both the TRIFR and LTIFR rates from the previous quarter. Both measures are below the NSW coal industry averages.
- ROM coal production of 3.5Mt for the quarter was 30% higher than the previous corresponding period.
- New saleable coal production record of 3.3Mt established for the quarter, 40% higher than the previous corresponding period.
- Coal sales of 3.0Mt for the quarter were 22% higher than the previous corresponding period.
- Continuing strong performance by the longwall at Narrabri created new production records for both ROM coal and saleable coal of 2.1Mt and 1.8Mt respectively.
- Narrabri's average monthly development rate of 2,052 metres created a new benchmark for the mine.
- Construction at Maules Creek was 68% complete at the end of the quarter, ahead of schedule and on budget.
- Commenced mining at Maules Creek in August with the development of the box cut using Whitehaven equipment and newly engaged employees.
- Vickery approval adds another high quality long life project to Whitehaven's production pipeline


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MANAGED PRODUCTION AND SALES HIGHLIGHTS

PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Sep 2014	Sep 2013	Change	Sep 2014	Sep 2013	Change
Managed ROM Coal Production	3,461	2,661	↑ 30%	3,461	2,661	↑ 30%
Managed Saleable Coal Production	3,288	2,349	↑ 40%	3,288	2,349	↑ 40%
Managed Total Coal Sales	3,045	2,499	↑ 22%	3,045	2,499	↑ 22%

WHITEHAVEN EQUITY PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Sep 2014	Sep 2013	Change	Sep 2014	Sep 2013	Change
Whitehaven Totals						
Equity ROM Coal Production	2,676	2,091	↑ 28%	2,676	2,091	↑ 28%
Equity Saleable Coal Production	2,579	1,870	↑ 38%	2,579	1,870	↑ 38%
Equity Sales of Produced Coal	2,388	1,873	↑ 27%	2,388	1,873	↑ 27%
Sales of Purchased Coal	-	157		-	157	
Total Equity Coal Sales	2,388	2,030	↑ 18%	2,388	2,030	↑ 18%
Equity Coal Stocks at period end	1,422	912	↑ 56%	1,422	912	↑ 56%



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SAFETY AND ENVIRONMENT

Improved safety performance across the company was confirmed by lower TRIFR and LTIFR rates at the end of the quarter. The rolling average TRIFR at the end of September declined to 12.54 from 14.06 at the close of the June quarter. The rolling average LTIFR also declined to 2.57 from 3.33 reported at the end of the June quarter. Both rates are below the most recent NSW coal industry averages and are a positive reflection on safety emphasis following the introduction of Whitehaven's "Safehaven Rules" earlier in the year.

Work to improve safety outcomes across all of Whitehaven's operations continues unabated with the focus during the quarter on the Safety Leadership Programme where all Whitehaven leaders attend extended training sessions on safety leadership. There has also been a focus on contractor management to ensure that Whitehaven safety standards are applied across contractors who work for the company. In addition, an internal auditing programme was conducted at all of the operations to ensure compliance with the Whitehaven Group Health and Safety System.

COAL SALES AND COAL MARKET OUTLOOK

Total coal sales for the September quarter of 3.045Mt were 22% higher than the previous corresponding period. Export sales comprised 0.535Mt of metallurgical coal and 2.485Mt of thermal coal with the balance domestic sales.

Whitehaven achieved an average price of US\$89/t from sales of its metallurgical products in the September quarter. Whitehaven expects the price for these products in the next quarter to be in the range of US\$89/t to US\$90/t.

During the September quarter, the benchmark Newcastle thermal coal index (GlobalCOAL NEWC Index) averaged US\$68/t, which was a 6% decrease from the previous quarter. Whitehaven achieved an average price for its export thermal coal sales of US\$68/t for the quarter.

There are continuing signs that the thermal coal market is working through an adjustment phase, which began in 2013, to a more sustainable growth path. Indonesian exports have started to decline, helped by a new regulatory regime requiring all coal exporters to be licensed, and an increasing number of new thermal projects in Australia are being postponed. The seaborne market fundamentals are in a state of moderate oversupply and there is emerging uncertainty around the future Chinese import conditions. At current price levels it is reasonable to expect there will be more supply rationalisation in key seaborne supply regions, and as these fundamental changes work through the market, thermal coal prices should gradually improve.

The Chinese Government has recently imposed import taxes of 3% for coking coals and 6% for thermal coals. It is expected that these taxes may impact those coal producers that sell large quantities of coal into the Chinese market. As Whitehaven produces high quality, low ash thermal coal, China is not a significant market for the company as sales in FY2014 by Whitehaven to China represented about 7% of the total sales.

Metallurgical coal prices for the final quarter of the calendar year were recently settled with major Japanese and Korean steel mills. The benchmark price outcomes achieved were US\$119/t for hard coking coal, US\$99 for low volatile PCI and US\$87/t for SSCC. The settlement followed a number of announced mine closures over recent months which total about 25Mtpa. Some of these closures have either occurred or are due to take effect

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over the coming months and are expected to result in the market moving back towards balance. As a result market analysts are suggesting that this settlement could mark the bottom of the metallurgical coal price for this market.

NARRABRI MINE

Whitehaven (Manager)	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 continues to outperform setting new quarterly records for both ROM and saleable coal production of 2.082Mt and 1.819Mt respectively. The results were 53% and 59% higher respectively than the results for the September 2013 quarter.

During the quarter longwall control systems were upgraded and processes were improved. By implementing the upgraded software, full shearer automation has been attained. As a result, longwall productivity and horizon control have improved significantly and this improvement is expected to be sustained. Longwall mining in the third panel is due to be completed by 21 October. Production is expected to recommence in the fourth panel in the first week of December following the scheduled six week changeout period.

Underground development set a quarterly record of 6,158 metres for main road and gate road development. The excellent result achieved by the crews ensures Narrabri increases its positive development float for the fifth longwall panel.

These underground development and longwall production results achieved in recent months arguably place Narrabri in the top three longwall mines in the country for both longwall and development productivity.

A decision was made during the quarter to pursue the feasibility of extending the longwall face to 400 metres in lieu of top coal caving as the superior optimization path for Narrabri. The key attributes of a wider longwall face compared to top coal caving are lower operating risk, higher incremental production and reduced underground development, all of which can be achieved for a similar capital cost.

The Narrabri Mine is expected to produce in excess 6.5Mt ROM coal for the financial year.

OPEN CUT PRODUCTION AND DEVELOPMENT

Tarrawonga Mine

ROM and saleable coal production for the quarter were 0.532Mt and 0.544Mt respectively. ROM coal production was consistent with the previous corresponding quarter while saleable coal production was 19% higher than the previous corresponding period as ROM coal stocks built in the June quarter were processed at the Gunnedah CHPP.

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Rocglen Mine

Rocglen produced 0.286Mt ROM coal and 0.222Mt saleable coal for the quarter. Both ROM and saleable coal production were lower by 16% and 11% respectively than the previous corresponding period but in line with current year plans.

Werris Creek Mine

Werris Creek production of 0.561Mt ROM coal and 0.703Mt saleable coal were 34% and 40% respectively above the previous corresponding quarter. The significant improvement follows completion of the mine expansion in December 2013. Saleable coal production for the quarter was higher than ROM coal production for the quarter because ROM coal stocks built in the June quarter were drawn down and processed through the mine's crushing facilities.

MAULES CREEK PROJECT

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

Construction activity at Maules Creek continues to progress ahead of schedule. At the end of the quarter the project was 68% complete and on schedule to rail first coal in the March 2015 quarter.

The construction workforce on site is near peak levels for the project as work continues on all aspects of the project. Safety performance over the whole site has been commendable with more than 750,000 hours worked without an LTI. The project management team is also keenly aware of the environment and having implemented a range of management plans is pleased to report that no reportable environmental incidents have occurred during construction. Major contractors engaged include Leighton Contractors, Ditchfield, Downer and Transgrid.

The key remeasurable project packages (Rail and Earthworks) that carried the majority of cost risk to the project are substantially complete. The project remains on or below budget and ahead of schedule.

Progress with the construction of the rail line and access road in both the common (or shared section with Boggabri Coal) and the Maules Creek section of the project are advancing ahead of schedule. Excavation of railway cuttings 1 and 2 are complete while excavation of the largest and deepest cutting (Cut 3) was nearing completion at the end of the quarter. Laying of pavement and ballast materials has commenced. Welding of rail into 200 metre long track sections in preparation for laying is well advanced. The beams for the railway bridge over the Kamilaroi Highway have been placed onto the abutments and the Namoi River viaduct has been completed and is ready for rail to be laid. Whitehaven Coal and Leighton Contractors are examining the potential benefits to the schedule of introducing a second track laying machine to accelerate completion of the rail package.

Bulk earthwork areas for the coal handling and preparation plant have been completed and have been handed over to Downer. The assembly and erection of the coal handling and preparation plant (CHPP) and associated facilities are proceeding well - mechanical construction activity of the by-pass facility is advancing rapidly with many of the transfer stations along the by-pass line already completed. Construction of the ROM slot dump hopper and crushing station, key elements required to rail out first coal, are ahead of schedule. Work on the train load out bin is also well advanced with most of the bin already erected and the control room constructed. Initial sales contracts for Maules Creek are for thermal coal which can be supplied as a by-pass product. The CHPP is



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phased for completion after the by-pass infrastructure has been completed. The CHPP construction schedule has little practical impact upon the critical path to raiing first coal.

The Rangari Road upgrade, one of the projects required under the voluntary agreements with the local Narrabri Council, was completed during the quarter. Feedback from local residents has been positive since the upgrade was finished.

Work by Transgrid on the power supply connecting the mine to the power grid is advancing to schedule with the 132kV power line in place. Work is progressing on the 132kV switch yard. The adjacent 22kV switchyard, which is being constructed by Downer, is also advancing well. Commissioning, testing and initial operation of the by-pass system is planned to be completed using power supplied by diesel generators and is not dependent upon completion by Transgrid and Downer of the long term power supply.

Office and other facilities, although basic, have been established to support construction and operation.

An important and significant milestone was reached in late August when Whitehaven's newest employees began mining the box cut. Mining commenced using the first of two 360 tonne Hitachi excavators and a fleet of Caterpillar 789 trucks. In early October the first of the ultra class equipment, the Hitachi EX8000 (800 tonne class excavator) and the Hitachi EH5000 (300 tonne capacity) trucks began operating in the open cut. While it is early days for the mining activity, productivity levels being achieved by the newly recruited team and their new equipment are above our levels planned for this stage of operation.

Whitehaven has committed that the Maules Creek workforce will consist of at least 10% from the indigenous and aboriginal community within five years. Following the initial recruitment of about 100 employees, we are on target to achieve the stated aim.

The Maules Creek project is currently the largest coal mine under construction in Australia. Project construction costs are estimated to be \$670 million by March 2015 at the time when first coal is scheduled to be railed. If work on the project continues to progress in advance of the construction schedule then expenditures at the time of the first coal shipment will be lower than indicated above. Maules Creek has an expected life of mine strip ratio of 6.4:1, its financial year 2016 production costs are forecast to be in the range of \$62/t - \$64/t for thermal coal and in the order of \$67/t for metallurgical coal. Maules Creek will be one of the lowest cost open cut coal mines in Australia. Its initial production rate is planned to be 6Mtpa (from the March 2015), however, over a period of three years production is expected to ramp to its approved production level of 13Mtpa ROM coal. Production is expected to consist of high quality thermal coal, for use by electricity generators, and specialist metallurgical coals, for use by steel makers, both marketed to end users in the Asian region. When operating at full capacity Maules Creek is expected to employ about 450 people sourced locally.

The following table and diagram ("S" Curve) provide an update on construction progress of the project's key components.

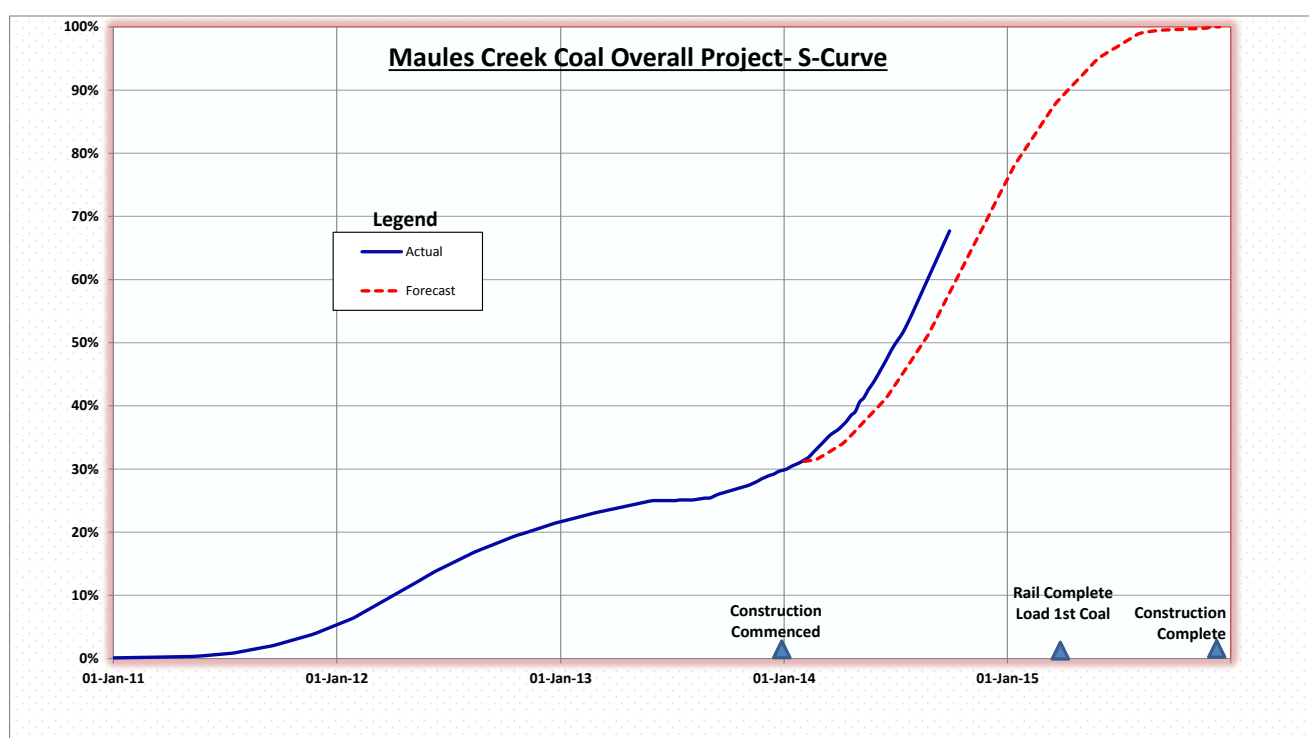


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Area	Contractor	% Complete at End SEP 2014
Rail	Leighton	72%
Bulk Earthworks	Ditchfield	64%
CHPP Design and Procurement	Sedgman	100%
CHPP Construction and Commissioning	Downer	35%
Water Supply	Stripes	100%
132/22kV Power Supply	Transgrid/Downer	49%
Mine Infrastructure (Temp)	Various	90%





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Final bench in Cut 3 of the rail loop



Namoi River bridge crossing



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By-pass line from the ROM stockpile to the train loadout bin



Mining in the open cut

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VICKERY PROJECT

Whitehaven	100%
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As announced to the ASX on 22 September, Whitehaven has received notification from the NSW Department of Planning and Environment that the NSW Minister for Planning has approved the project application for the Vickery project. The approval is for a project that can initially produce 4.5Mtpa ROM coal, with the coal to be transported along an existing haul road to the Gunnedah CHPP. With infrastructure already in place the Vickery project is a very low capital cost startup for Whitehaven with coal quality equal to or better than Maules Creek.

Timing for startup of the Vickery is still to be determined but is unlikely to occur prior to Maules Creek ramping up to its approved production level of 13Mtpa. As is usual with project approvals Whitehaven has committed to observe a range of conditions to ensure that the environmental impacts arising from the project are properly minimised. Federal Government approval is not required for Vickery as mining had previously occurred in the project area. Vickery is located on flat open pastoral land largely owned by Whitehaven.

As Whitehaven owns 100% of the Vickery project it will seek to form a joint venture with potential customers by selling down up to a 30% interest in the project. It is anticipated that customers for the high quality metallurgical coals which can be produced by the project will be interested in purchasing a stake in the project. It is also possible that those joint venture partners could be supplied with similar coal from the Maules Creek mine until the Vickery project comes into production.

CORPORATE

Consistent with the industry at large, the repeal of the MRRT legislation is expected to result in Whitehaven recording a non-cash significant item recognizing the reversal of the deferred tax liabilities that were created upon enactment of the MRRT legislation. Concurrently, goodwill that was created at the same time as the MRRT was enacted is expected to be impaired. The net effect of these two non-cash significant items is estimated to be an expense of approximately \$65 million. This represents largely the balances created at the time the MRRT was enacted.

Whitehaven has income tax losses of \$700 million. At the current corporate tax rate of 30% these losses can provide an effective cash tax shield of about \$210 million against future taxes.

There are approximately US\$123.0 million in forward A\$/US exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.9170. These contracts are deliverable between October 2014 and March 2015.

EXPLORATION

Whitehaven spent a total of \$0.175 million on exploration during the September quarter.


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PRODUCTION AND SALES BY MINE

Thousands of tonnes	Quarter Ended			YTD		
	Sep 2014	Sep 2013	Change	Sep 2014	Sep 2013	Change

Narrabri

ROM Coal Production	2,082	1,363	↑ 53%	2,082	1,363	↑ 53%
Saleable Coal Production	1,819	1,143	↑ 59%	1,819	1,143	↑ 59%
Sales of Produced Coal	1,797	1,054	↑ 71%	1,797	1,054	↑ 71%
Coal Stocks at period end	793	457	↑ 73%	793	457	↑ 73%

Tarrawonga

ROM Coal Production	532	539	↓ (1%)	532	539	↓ (1%)
Saleable Coal Production	544	455	↑ 19%	544	455	↑ 19%
Sales of Produced Coal	418	509	↓ (18%)	418	509	↓ (18%)
Coal Stocks at period end	400	289	↑ 38%	400	289	↑ 38%

Rocglen

ROM Coal Production	286	339	↓ (16%)	286	339	↓ (16%)
Saleable Coal Production	222	251	↓ (11%)	222	251	↓ (11%)
Sales of Produced Coal	200	279	↓ (29%)	200	279	↓ (29%)
Coal Stocks at period end	233	109	↑ 113%	233	109	↑ 113%

Werris Creek

ROM Coal Production	561	420	↑ 34%	561	420	↑ 34%
Saleable Coal Production	703	501	↑ 40%	703	501	↑ 40%
Sales of Produced Coal	630	500	↑ 26%	630	500	↑ 26%
Coal Stocks at period end	355	273	↑ 30%	355	273	↑ 30%

Whitehaven Group Managed Totals

Managed ROM Coal Production	3,461	2,661	↑ 30%	3,461	2,661	↑ 30%
Managed Saleable Coal Production	3,288	2,349	↑ 40%	3,288	2,349	↑ 40%
Managed Sales of Produced Coal	3,045	2,342	↑ 30%	3,045	2,342	↑ 30%
Sales of Purchased Coal	-	157		-	157	
Total Managed Coal Sales	3,045	2,499	↑ 22%	3,045	2,499	↑ 22%
Managed Coal Stocks at period end	1,780	1,129	↑ 58%	1,780	1,129	↑ 58%