



**WHITEHAVEN COAL**

# QUARTERLY REPORT

## JUNE 2015 QUARTERLY PRODUCTION REPORT

### JUNE 2015 HIGHLIGHTS

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- **Outstanding safety achievement across the company with a 35% reduction in the TRIFR to 9.2 for the year.**
  - **Record full year and quarterly saleable coal production of 14.6Mt and 4.8Mt respectively, an improvement of 41% and 66% on the previous corresponding periods.**
  - **Narrabri ended the year strongly with new weekly (371kt), monthly (971kt), quarterly (2.7Mt) and full year (7.7Mt) ROM coal production records.**
  - **Managed sales of 4.3Mt in June quarter and 14.0Mt for the full year, 46% and 29% ahead of the respective previous corresponding periods.**
  - **Maules Creek declared commercial on 1 July.**
  - **Equipment arriving at Maules Creek for the next ramp up phase to 8.5Mtpa.**
  - **Whitehaven's quarterly equity saleable production and sales were 3.6Mt and 3.2Mt respectively, higher by 58% and 56% than the previous corresponding period.**
  - **Whitehaven's equity saleable coal production and sales for the year were 11.3Mt and 10.9Mt respectively, 38% and 32% higher than the previous year.**
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## JUNE 2015 QUARTERLY PRODUCTION REPORT

### MANAGED PRODUCTION AND SALES HIGHLIGHTS

#### PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2015	Jun 2014	Change	Jun 2015	Jun 2014	Change
<b>Managed ROM Coal Production</b>	<b>5,459</b>	3,785	<b>44%</b>	<b>15,815</b>	11,533	<b>37%</b>
<b>Managed Saleable Coal Production</b>	<b>4,755</b>	2,867	<b>66%</b>	<b>14,566</b>	10,310	<b>41%</b>
<b>Managed Total Coal Sales</b>	<b>4,252</b>	2,902	<b>46%</b>	<b>13,987</b>	10,841	<b>29%</b>

^ Includes pre-commercial production from Maules Creek

### WHITEHAVEN EQUITY PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2015	Jun 2014	Change	Jun 2015	Jun 2014	Change
<b>Whitehaven Equity Totals<sup>^</sup></b>						
Equity ROM Coal Production	4,142	3,050	36%	12,205	9,177	33%
Equity Saleable Coal Production	3,608	2,282	58%	11,255	8,161	38%
Equity Sales of Produced Coal	3,247	2,080	56%	10,859	8,215	32%
Sales of Purchased Coal	-	294	-	-	511	-
<b>Total Equity Coal Sales</b>	<b>3,247</b>	<b>2,374</b>	<b>37%</b>	<b>10,859</b>	<b>8,726</b>	<b>24%</b>
Equity Coal Stocks at period end	2,035	1,275	60%	2,035	1,275	60%

^ Includes equity share of Maules Creek pre-commercial production data



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### SAFETY

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Whitehaven's safety performance, as measured by the TRIFR, was 9.2 at the end of the year, a 35% improvement in the rate at the end of the FY2014 and lower than 9.7 recorded at the end of March. The strong outcome followed a 37% reduction in the TRIFR during the previous year and confirms a positive trend in place since the end of FY2012.

The TRIFR at the end of June was more than 40% better than the NSW average of 16.81. While Whitehaven is very pleased with the outcome for the year more work is required to achieve the ultimate goal of zero injuries in the work place.

### COAL SALES AND COAL MARKET OUTLOOK

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Total coal sales including those from Maules Creek (treated as pre-commercial) for the June quarter were 4.252Mt. Export sales comprised 0.514Mt of metallurgical coal and 3.722Mt of thermal coal with domestic sales making up the balance. Whitehaven achieved an average price of US\$75.90/t from sales of its metallurgical products in the June quarter. Whitehaven expects the price for these products in the September quarter to be in the range of US\$70/t to US\$75/t.

During the June quarter, the benchmark Newcastle thermal coal index (GlobalCOAL NEWC Index) averaged US\$59.57/t. Whitehaven achieved an average price for all its export thermal coal sales of US\$60.72/t for the quarter.

Total coal sales for the year were 13.987Mt, a 29% increase over the previous year following the inclusion of sales from Maules Creek for the first time. The sales comprised 16% metallurgical coal and the balance thermal coal. The proportion of metallurgical coal sales was lower than experienced in recent years as pre-commercial sales of Maules Creek coal were thermal coal. In the longer term metallurgical coal sales are likely to be in the range of 30% to 40% of total coal sales.

Chinese imports of both metallurgical and thermal seaborne coal during the first half of calendar year 2015 have declined significantly following the introduction of new import policies. Although Whitehaven is not selling to China, the lower demand from the seaborne market has caused coal prices to fall. In response, several producers have cut metallurgical coal production and redirected their coal into other end markets. For example, exports of metallurgical from the United States in the first half of 2015 are about 20% lower than in 2014. However, increases in metallurgical coal production from Queensland's Bowen Basin producers have largely offset the United States reductions and when combined with a softening in Chinese steel production, has left the seaborne metallurgical coal market oversupplied. These factors have caused prices for metallurgical coal to fall, with the Q3 hard coking coal price settlement of US\$93/t, 15% below the Q2 settlement and at the low end of market expectations.

In response to lower Chinese demand and soft thermal coal prices, several Australian and Indonesian thermal producers have announced production cuts. These cuts are expected to reduce the oversupply in the lower quality segment of the thermal coal market. However, in the higher quality segment of the seaborne thermal coal market where Whitehaven participates, product availability is tighter and prices are showing resistance to further price falls. Expected demand growth for these high quality coals in Asia should provide support for the price around current levels.



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### NARRABRI MINE

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<b>Whitehaven (Manager)</b>	<b>70.0%</b>
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 Mine finished the FY2015 year strongly by establishing several new production records during the June quarter and full year. The mine produced a record 321kt in the final week of June and 971kt for the month. Strong performance in June followed an equally impressive performance for May in which the mine produced 941kt. Full year ROM coal production of 7.703Mt and saleable coal production of 7.193Mt exceeded expectations and were 36% and 37% respectively higher than the previous year. ROM and saleable coal production for the June quarter were 2.671Mt and 2.346Mt respectively, 57% and 69% higher than the previous corresponding quarter.

Saleable coal production for the year was lower than ROM production as stockpiles were built at the end of the quarter. These ROM stocks will be processed and sold during the longwall changeout period in the September quarter.

The strong production outcome in the final quarter will advance the longwall changeout by about two weeks. It is anticipated that mining in LW04 will be completed by the final week of July and mining will recommence in LW05 in early September after the longwall changeout is completed. Production from the mine in the September quarter will be lower than usual due to the five weeks required for the longwall changeout.

A total of 19,800 metres of development was completed in FY2015, a record for the mine and about 21% ahead of the previous year. The excellent development rates ensured that roadway development for LW05 was completed ahead of the planned longwall changeout in August.

Production guidance for FY2016 will be provided with the full year results in August.

The final decision on moving to the 400 metre wide panels at the mine is likely to be taken during the September quarter although development of LW07 has commenced catering for the wider face.

### OPEN CUT PRODUCTION

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#### Tarrawonga Mine

ROM coal production at Tarrawonga exceeded budget for the full year and was broadly in line with production achieved in FY2014. ROM coal production at Tarrawonga for the June quarter and full year were 0.550Mt and 2.153Mt respectively, lower by 27% and 2% than the previous corresponding period which was reflective of a more consistent quarter on quarter performance throughout the year. Saleable coal production for the quarter was 0.484Mt and the full year recorded 1.983Mt.



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### Rocglen Mine

The mine performed in line with expectations with ROM and saleable coal production for the June quarter being 0.311Mt and 0.189Mt respectively. ROM and saleable coal production for the year was 1.103Mt and 0.848Mt respectively.

### Werris Creek Mine

The difficult decision of a roster restructure and the associated workforce reduction was taken at Werris Creek during the quarter and resulted in lower ROM and saleable coal production of 0.524Mt and 0.543Mt respectively for the period. The change also impacted full year production with the mine producing 2.242Mt of ROM coal and 2.309Mt saleable coal, slightly lower, respectively when compared to the previous year. The restructure is expected to lower costs at the mine for FY2016.

### MAULES CREEK MINE

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

### Construction

The Maules Creek project was declared commercial on 1 July 2015 following an eighteen month construction period and will contribute to Whitehaven's financial results in FY2016.

At the end of June all rail and access road work had been completed and grid based power was fully connected to the site. The power system includes a 132kV supply from the high voltage grid to a Transgrid switchyard, stepping down to 22kV for reticulation around the site. The mine water dams and the raw water dam have been completed and filled. The water management system which controls the flow of water around the site has been completed and commissioned. CHPP commissioning began in late May with about 150,000 tonnes of coal washed in the plant during the quarter. The two stockpile stacker reclaimers are in the final commissioning phase and are expected to be fully operational by the end of July.

From an accounting perspective the surplus of revenues from sales of pre-commercial coal that are in the excess of production costs during the second half of FY2015 will be credited against the total capital spent on the project.

### Operations

Pre-commercial ROM coal production for the June quarter was 1.403Mt and 2.614Mt for the full year. The annualised production rate of 6.0Mt was achieved during the quarter. The next expansion phase to an annualised rate of 8.5Mt is planned to occur later in CY2015 as more mining equipment is introduced into the mine. One of the large EX8000 excavators and two of the four ultra class trucks required for the next ramp up phase have already been delivered to site and are in the process of being assembled ahead of schedule.

Commissioning of the CHPP occurred during the quarter. Plant throughput has met expectations while yield and product quality performance has exceeded expectations. Ash levels in the resultant product are significantly lower than Newcastle benchmark requirements for the coal seams that have been washed. This is a positive start for plant and mine and will ensure that thermal coal leaving the site meets or exceeds the



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requirements of premium Asian coal markets and will give Whitehaven the ability to position its products differentially in the market.

By the end of the quarter Whitehaven had recruited a total of 232 employees for Maules Creek. The strategy to improve workforce diversity is proving successful – about 10% of the workforce is female and about 15% of the workforce is indigenous.

### VICKERY PROJECT

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<b>Whitehaven</b>	<b>100%</b>
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Whitehaven has begun the process of seeking approval for an expansion case at the Vickery project aimed at increasing the approval rate from the current level of 4.5Mtpa to 8.0Mtpa. The timing for the formation of a joint venture is likely to occur within the next year as the approval process for the increased rate of production advances.

Timing for startup of the Vickery project is still to be determined but is unlikely to occur prior to Maules Creek ramping up to its approved production level of 13Mtpa.

### CORPORATE

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The Maules Creek mine was declared commercial on 1 July 2015 and will be fully incorporated into Whitehaven's financial results for FY2016.

Whitehaven's underwriting bank group successfully syndicated Whitehaven's new facility to a number of Australian, Asian, US and European banks completing the refinancing process on the same terms as the underwritten facility.

There are US\$80.0 million in forward A\$/US exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.7675. These contracts are deliverable between July 2015 and December 2015.

### EXPLORATION

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Whitehaven spent a total of \$0.300 million on exploration during the June quarter.

#### FOR FURTHER INFORMATION, PLEASE CONTACT:

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### PRODUCTION AND SALES BY MINE

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2015	Jun 2014	Change	Jun 2015	Jun 2014	Change
<b>Narrabri</b>						
ROM Coal Production	2,671	1,697	57%	7,703	5,659	36%
Saleable Coal Production	2,346	1,388	69%	7,193	5,249	37%
Sales of Produced Coal	2,231	1,219	83%	7,071	5,145	37%
Coal Stocks at period end	1,038	556	87%	1,038	556	87%
<b>Tarrawonga</b>						
ROM Coal Production	550	751	(27%)	2,153	2,194	(2%)
Saleable Coal Production	484	563	(14%)	1,983	1,914	4%
Sales of Produced Coal	465	566	(18%)	1,984	1,975	0%
Coal Stocks at period end	333	327	2%	333	327	2%
<b>Maules Creek ^</b>						
ROM Coal Production	1,403	-	-	2,614	-	-
Saleable Coal Production	1,192	-	-	2,231	-	-
Sales of Produced Coal	821	-	-	1,769	-	-
Coal Stocks at period end	779	-	-	779	-	-
<b>Rocglen</b>						
ROM Coal Production	311	458	(32%)	1,103	1,324	(17%)
Saleable Coal Production	189	170	11%	848	836	1%
Sales of Produced Coal	221	173	27%	841	905	(7%)
Coal Stocks at period end	109	240	(55%)	109	240	(55%)
<b>Werris Creek</b>						
ROM Coal Production	524	878	(40%)	2,242	2,356	(5%)
Saleable Coal Production	543	746	(27%)	2,309	2,310	(0%)
Sales of Produced Coal	514	658	(22%)	2,322	2,326	(0%)
Coal Stocks at period end	382	415	(8%)	382	415	(8%)
<b>Whitehaven Group Totals</b>						
ROM Coal Production	5,459	3,785	44%	15,815	11,533	37%
Saleable Coal Production	4,755	2,867	66%	14,566	10,310	41%
Sales of Produced Coal	4,252	2,616	63%	13,987	10,351	35%
Sales of Purchased Coal	-	286	-	-	490	-
Total Coal Sales	4,252	2,902	46%	13,987	10,841	29%
Coal Stocks at period end	2,641	1,539	72%	2,641	1,539	72%

^ Pre-commercial production data