



QUARTERLY REPORT

DECEMBER 2013 QUARTERLY PRODUCTION REPORT

HIGHLIGHTS

- **Whitehaven set a number of new quarterly production, railings and sales records in the December quarter due to strong production from the Narrabri Mine.**
- **Whitehaven's managed saleable coal production was 2.860Mt and coal sales were 3.156Mt for the December quarter being 44% and 52% higher, respectively, than the previous corresponding period.**
- **ROM coal production from the Narrabri Mine exceeded its nameplate capacity over a number of weeks during the quarter and totalled 1.924Mt (100% basis) for the quarter, 81% higher than in the previous corresponding period.**
- **The Werris Creek Mine expansion was completed in December.**
- **A judgment handed down by the Federal Court dismissed a legal challenge to the validity of the Federal Environment Minister's approval of the Maules Creek project.**
- **The first stage of the artefact salvage works for the Maules Creek project is complete. The NSW Department of Planning and Infrastructure has advised Whitehaven that it is entirely satisfied the company is in full compliance with its obligations under the Aboriginal Archaeology and Cultural Heritage Management Plan.**
- **Construction of the rail line and other facilities for the Maules Creek project commenced.**
- **The interest covenant package for Whitehaven's \$1.2B corporate debt facility was amended to align with the current Maules Creek construction and production schedule.**



WHITEHAVEN COAL

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MANAGED PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Dec 2013	Dec 2012	Change	Dec 2013	Dec 2012	Change
Managed ROM Coal Production	3,281	2,367	↑ 39%	5,943	4,274	↑ 39%
Managed Saleable Coal Production	2,860	1,991	↑ 44%	5,209	3,625	↑ 44%
Managed Total Coal Sales	3,156	2,081	↑ 52%	5,654	3,924	↑ 44%

WHITEHAVEN EQUITY PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Dec 2013	Dec 2012	Change	Dec 2013	Dec 2012	Change
Whitehaven Totals						
Equity ROM Coal Production	2,545	1,901	↑ 34%	4,636	3,518	↑ 32%
Equity Saleable Coal Production	2,211	1,607	↑ 38%	4,081	2,982	↑ 37%
Equity Sales of Produced Coal	2,422	1,597	↑ 52%	4,302	2,901	↑ 48%
Sales of Purchased Coal	63	113	↓ (44%)	213	424	↓ (50%)
Total Equity Coal Sales	2,485	1,710	↑ 45%	4,515	3,325	↑ 36%
Equity Coal Stocks at period end	907	801	↑ 13%	907	801	↑ 13%



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SAFETY AND ENVIRONMENT

The rolling average TRIFR (20.9) at the Narrabri Mine continued to trend lower in the December quarter and the rolling average LTIFR rate (1.8) was stable. Both measures remain significantly better than the average for NSW underground coal mines.

Following a renewed focus on safety across the open cut mines it is pleasing to report a significant reduction in both the rolling averages for the TRIFR rate (15.8) and LTIFR rate (2.5) at the end of the December quarter.

Two environmental incidents were reported in the December quarter. In the first instance the company was issued with a "Clean up Notice" for the Sunnyside Mine as a consequence of spontaneous combustion occurring in carbonaceous material in the open cut. Works to cap the affected area are expected to be completed by the end of March 2014.

The second incident involved an exceedance of air quality criteria at a monitoring station adjacent to the Gunnedah CHPP. A revised dust pollution reduction programme approved by the EPA has been implemented at the CHPP to minimise the potential for this to occur in the future.

COAL SALES AND COAL MARKET OUTLOOK

Total coal sales for the December quarter were 3.156Mt, up 52% on the previous corresponding period. Export sales comprised 0.623Mt of metallurgical coal and 2.480Mt of thermal coal. In addition, there was 0.053Mt of domestic thermal coal sales for the December quarter.

Whitehaven achieved an average price of US\$103/t for the sales of its metallurgical products in the December quarter. The price for these products in the March quarter is expected to be about US\$101/t FOB.

During the December quarter, the benchmark Newcastle thermal coal index (globalCOAL NEWC Index) averaged US\$83.93/t, which was a 7.6% increase from the previous quarter. The average price achieved by Whitehaven for all thermal coal sales in December quarter was US\$82.28/t.

GlobalCOAL's NEWC thermal coal prices rose US\$4.48/t from US\$81.38/t in October to US\$85.86/t in December. The price increase was due to restocking taking place prior to the onset of the seasonally strong northern hemisphere winter as well as stronger demand in North Asia. The thermal coal market remains relatively well supplied for 2014 with pricing likely to be guided by the recent stronger pricing in the December quarter and the upcoming April-March JPU term price negotiations scheduled to begin in February and March. In addition, South Korea is planning to implement a 'flat tax' on all coal imports, which should favour higher quality coal imports like Whitehaven coals versus lower quality coals.

Recent metallurgical coal price settlements by the large coal miners saw a reduction in the price for all metallurgical coal types for the first quarter of 2014. The hard coking coal price was settled at US\$143/t with low volatile PCI and semi-soft coking coal benchmark prices settled at US\$116/t and US\$103.50/t, respectively. North Asian steelmakers maximised their hot metal production in the December quarter leading to increased use of low volatile PCI rather than semi-soft coking coal. Exports from Australia during 2013 increased as mines recovered from the 2011 floods and new mine production came on-stream. Prices are expected to remain at these levels for the remainder of 2014 and then increase into 2015.



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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%

Records continued to be set for longwall production at the Narrabri Mine during the December quarter. ROM coal production for the period was 1.924Mt and a weekly production record of 193kt was set in early November. On an annualised basis, production for the quarter exceeded the nameplate capacity (6.0Mtpa) of the mine, a significant achievement for a mine that has only been operating commercially for just over one year.

Mining in the second longwall panel was completed in mid January with redeployment of the longwall equipment to panel three running ahead of schedule. Planned recommencement of longwall production will be in early March.

OPEN CUT PRODUCTION AND DEVELOPMENT

Total open cut ROM production of 1.357Mt for the quarter exceeded production (1.304Mt) in the previous corresponding period by 4% despite placing the Sunnyside Mine into care and maintenance last year.

Tarrawonga Mine

Tarrawonga Mine ROM coal production of 0.53 Mt and saleable coal production of 0.394Mt were 8% higher and 11% lower than the previous corresponding period.

Rocglen Mine

Rocglen Mine ROM coal production was 0.287Mt and saleable coal production was 0.236Mt, respectively 13% and 11% lower than the previous corresponding period. Production was impacted by complex geological conditions encountered in the open cut.

Werris Creek Mine

Werris Creek Mine produced 0.540Mt ROM and 0.460Mt of saleable coal, respectively 48% and 40% higher than the previous corresponding period. The expansion to an annualised rate of 2.5Mt was completed in December.



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MAULES CREEK PROJECT

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

Construction of the Maules Creek project commenced following the completion of the Stage One salvage works under the Aboriginal Archaeology and Cultural Heritage Management Plan.

Leighton Contractors, which was appointed to construct the rail line for the Maules Creek project and the Boggabri Mine, began mobilising to the site in early November. Construction on the line started in early January. Construction of the pipeline to bring in water for the construction activity and the mine began in late December.

Federal Court Justice Cowdroy handed down his judgment on 20 December in the legal proceedings challenging the Federal Environment Minister's approval of the Maules Creek project under the EPBC Act. The application brought by the Northern Inland Council for the Environment was dismissed on all counts.

Whitehaven is expecting to let further contracts for the construction of mine infrastructure and the procurement of mining equipment in late January.

As previously advised first coal is expected in the first quarter of CY2015.

VICKERY PROJECT

Whitehaven	100%
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Whitehaven has continued to work through the approval process with the NSW Department of Planning & Infrastructure with good progress being made on the few outstanding issues. The company is currently negotiating Voluntary Planning Agreements with the two local councils in the area. Expectations are for approval to be granted in the June quarter of this year.

INFRASTRUCTURE

A number of rail track infrastructure projects designed to expand capacity of the Gunnedah Basin rail system are progressing on schedule. These projects are due to be completed in time for the commencement of production from the Maules Creek Mine.

The first stage of the 30 tonne axle load trial which began in August 2013 by using a large locomotive is due to be completed by the end of January. It is anticipated that the locomotive, which is equipped with extensive monitoring equipment, will continue to operate beyond January to collect more data for ARTC, the rail owner. Current plans are for the rail line to be upgraded to 30 tonne axle loads by the beginning of 2015 in time for production from Maules Creek.



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Pacific National and Whitehaven have agreed to extend their rail haulage contract from 2020 until 2026. Whitehaven will benefit from reduced coal haulage freight rates in the period until the end of the extended contract. The new contract which was effective from 1 January 2014 will see the introduction of two new larger trains capable of 30 tonne axle loads and the retirement of three small trains from use on the system. The combination of larger capacity trains and fewer train paths will reduce costs for both Pacific National and Whitehaven and was seen to be a win / win outcome for both companies.

CORPORATE

Whitehaven's \$1.2Bn debt facility was established in December 2012 to refinance an existing facility and to provide certainty of funding for the construction of the Maules Creek project. Whitehaven announced on 2 December that it reached agreement to amend the interest coverage ratio, by moving the first test date from 31 December 2014 to the earlier of 31 December 2015 or the first half year following achievement of quarterly saleable production at Maules Creek of 3.5Mtpa on an annualised basis. The changes were due to unforeseen delays with the Maules Creek project. Despite being in compliance with all covenants, Whitehaven deemed it prudent to realign the interest coverage ratio test with the revised Maules Creek production timeline.

There were approximately US\$75.0m in forward A\$ / \$US exchange contracts on hand at the end of December, at an average exchange rate of A\$1.00 = US\$0.9188. These contracts are deliverable between January and June 2014.

EXPLORATION

Whitehaven spent a total of \$0.238 million on exploration during the December quarter.

Whitehaven was granted the Wean exploration tenement by the NSW State Government during the quarter. The tenement is adjacent to the Vickery project and offers the potential to expand the Vickery complex.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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PRODUCTION AND SALES BY MINE

Thousands of tonnes	Quarter Ended			YTD		
	Dec 2013	Dec 2012	Change	Dec 2013	Dec 2012	Change
Narrabri (managed)						
ROM Coal Production	1,924	1,063	↑ 81%	3,287	1,576	↑ 109%
Saleable Coal Production	1,770	838	↑ 111%	2,913	1,327	↑ 119%
Sales of Produced Coal	1,804	829	↑ 118%	2,858	1,201	↑ 138%
Coal Stocks at period end	521	359	↑ 45%	521	359	↑ 45%
Tarrawonga (managed)						
ROM Coal Production	530	490	↑ 8%	1,069	946	↑ 13%
Saleable Coal Production	394	443	↓ (11%)	849	816	↑ 4%
Sales of Produced Coal	450	406	↑ 11%	968	795	↑ 22%
Coal Stocks at period end	306	169	↑ 81%	306	169	↑ 81%
Rocglen						
ROM Coal Production	287	329	↓ (13%)	627	682	↓ (8%)
Saleable Coal Production	236	264	↓ (11%)	486	502	↓ (3%)
Sales of Produced Coal	266	258	↑ 3%	545	525	↑ 4%
Coal Stocks at period end	69	93	↓ (26%)	69	93	↓ (26%)
Sunnyside						
ROM Coal Production	-	119	-	-	307	-
Saleable Coal Production	-	116	-	-	254	-
Sales of Produced Coal	-	145	-	-	261	-
Coal Stocks at period end	-	166	-	-	166	-
Werris Creek						
ROM Coal Production	540	366	↑ 48%	959	764	↑ 26%
Saleable Coal Production	460	329	↑ 40%	961	725	↑ 33%
Sales of Produced Coal	578	330	↑ 76%	1,078	718	↑ 50%
Coal Stocks at period end	259	172	↑ 50%	259	172	↑ 50%
Whitehaven Group Managed Totals						
Managed ROM Coal Production	3,281	2,367	↑ 39%	5,943	4,274	↑ 39%
Managed Saleable Coal Production	2,860	1,991	↑ 44%	5,209	3,625	↑ 44%
Managed Sales of Produced Coal	3,099	1,968	↑ 57%	5,450	3,500	↑ 56%
Sales of Purchased Coal	57	113	↓ (50%)	204	424	↓ (52%)
Total Managed Coal Sales	3,156	2,081	↑ 52%	5,654	3,924	↑ 44%
Managed Coal Stocks at period end	1,155	960	↑ 20%	1,155	960	↑ 20%