



QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT

HIGHLIGHTS

- All major construction contracts for Maules Creek have been let at or below budgeted costs.
- Construction progress of the Maules Creek project was 36% complete and on schedule and budget at the end of March.
- The Commonwealth Department of the Environment has provided a positive response to Whitehaven's biodiversity offset land package for the Maules Creek project.
- Operating lease financing secured for overburden and coaling fleet necessary for the initial 6Mtpa phase with no use of Whitehaven capital and at very attractive financing rates.
- Successfully completed second longwall changeout at Narrabri safely, on time and budget.
- Coal production at Narrabri (LW03) achieved full ramp up several days after the recommencement of mining.
- Longwall mining at Narrabri expected to recommence within 2 to 3 weeks (as previously disclosed to ASX).
- YTD ROM and saleable coal production of 7.7Mt and 7.4Mt were 14% and 25% respectively higher than the previous corresponding period.
- Coal sales reached 7.9Mt for the nine months, 25% higher than the previous corresponding period

**WHITEHAVEN COAL**

QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT

MANAGED PRODUCTION AND SALES HIGHLIGHTS

PRODUCTION AND SALES HIGHLIGHTS						
Thousands of tonnes	Quarter Ended			YTD		
	Mar 2014	Mar 2013	Change	Mar 2014	Mar 2013	Change
Managed ROM Coal Production	1,806	2,551	(29%)	7,748	6,826	14%
Managed Saleable Coal Production	2,234	2,311	(3%)	7,443	5,936	25%
Managed Total Coal Sales	2,285	2,410	(5%)	7,939	6,334	25%

WHITEHAVEN EQUITY PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Mar 2014	Mar 2013	Change	Mar 2014	Mar 2013	Change
Whitehaven Totals						
Equity ROM Coal Production	1,491	1,987	(25%)	6,127	5,505	11%
Equity Saleable Coal Production	1,799	1,842	(2%)	5,879	4,823	22%
Equity Sales of Produced Coal	1,833	1,796	2%	6,135	4,698	31%
Sales of Purchased Coal*	4	166	(97%)	217	590	(63%)
Total Equity Coal Sales	1,837	1,963	(6%)	6,352	5,288	20%
Equity Coal Stocks at period end	441	821	(46%)	441	821	(46%)

* Equity adjusted to account for internal purchases



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QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT

SAFETY AND ENVIRONMENT

The rolling average TRIFR (17.6) at a group level continued to improve in the March quarter and the rolling average LTIFR rate (4.2) was steady. Both measures remain below the average for NSW coal mines.

A campaign aimed at improving safety standards across the company was launched during the quarter. Over 120 employees from across the company attended the "Safehaven Conference" which introduced a new set of seven "Safehaven Rules" designed to provide a simple and consistent message to employees on safe methods of work, to assist identifying high potential incidents and to reduce their impact. The programme incorporates a safety leadership programme which will be run across the business and is designed to ensure that our safety ethos is driven from the leadership through the organisation.

There were no reportable environmental incidents in the quarter.

COAL SALES AND COAL MARKET OUTLOOK

As budgeted, the March Quarter included the full effect of the relocation to LW03 and as such saw an expected decrease in quarter on quarter growth. Annual growth continues to be strong in line with company's expansion.

Total coal sales for the March quarter of 2.285Mt were 5% lower than the previous corresponding period. Export sales comprised 0.395Mt of metallurgical coal and 1.837Mt of thermal coal. In addition, there was 0.053Mt of domestic thermal coal sales for the March quarter.

Whitehaven achieved an average price of US\$100.79/t from sales of its metallurgical products in the March quarter. Whitehaven expects the price for these products in the June quarter to be about US\$93/t.

During the March quarter, the benchmark Newcastle thermal coal index (GlobalCOAL NEWC Index) averaged US\$78.05/t, which was a 7.0% decrease from the previous quarter. Relative to that benchmark, Whitehaven achieved an average price for all of its export thermal coal sales of US\$75.19/t.

A number of factors affected the GlobalCOAL NEWC thermal coal price over the course of the quarter. These included the end of the northern hemisphere winter, traditionally the high demand season, a well-supplied market with little disruption from weather related events and a lack of buying by China based coal customers from the seaborne market. For reference the recent settlement of the Japanese (JPU) Benchmark price of US\$81.80/t for JFY14 was 14% lower YOY.

In Korea, thermal coal demand continues to grow in line with the Korean Long Term Energy Plan. The Plan expects that imports of coal for electricity generation will increase from about 90Mtpa currently being consumed to about 150Mtpa in 2020.



QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT

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 successfully completed its second longwall changeout safely, on time and budget during the quarter. Mining in the second panel was completed in mid-January and coal cutting in the third panel recommenced on schedule in early March.

As expected and forecast ROM coal production of 0.675Mt for the quarter was below the previous period due to the longwall changeout. However, production of saleable coal for the quarter was higher at 0.949Mt as ROM coal stocks accumulated when mining the second panel were processed.

With the relocation into LW03, panel lengths have increased and Narrabri longwall changeouts will be limited to one in each financial year in the future. With less time lost to changeouts an increase in annual coal production can naturally be expected.

Importantly, Whitehaven assumed operating control of the CHPP from February and the majority of previous contractor employees joined Whitehaven as part of the process. The opportunity was taken while the mine production was limited by the changeout to carry out an extensive maintenance and training programme on the CHPP in readiness for the recommencement of production from LW03.

Subsequent to the end of the quarter, mining in the third panel stopped after it became evident that the horizon control at the tailgate end of the panel had been lost (see ASX Release of 24 April for full details). Longwall mining is expected to recommence within 2 to 3 weeks. As a result, full year production from the mine has been revised from initial guidance of 5.5Mt ROM coal to a range between 4.8Mt to 5.0Mt ROM coal for FY2014 (100% basis).

OPEN CUT PRODUCTION AND DEVELOPMENT

Total open cut ROM production of 1.131Mt for the quarter was about 9% lower than the previous corresponding period as wet weather and mine sequence scheduling impacted production.

Tarrawonga Mine

Tarrawonga Mine ROM coal production of 0.374Mt and saleable coal production of 0.502Mt were 34% lower and 20% higher than the previous corresponding period. Both wet weather and the sequence of mining have combined to impact ROM production during the quarter however, saleable production was higher than the previous corresponding period as the high stocks held at the mine at the end of December were processed.



QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT

Rocglen Mine

Rocglen Mine ROM coal production was 0.239Mt and saleable coal production was 0.180Mt, both lower than the previous corresponding period. Production at the mine continues to be impacted by complex geological conditions.

Werris Creek Mine

Werris Creek Mine produced 0.518Mt ROM and 0.603Mt of saleable coal for the quarter. Saleable production was higher than the previous corresponding period as high stocks held at the mine at the end of December were processed into product coal. Production is progressively increasing to the recently installed annualised capacity of 2.5Mt.

MAULES CREEK PROJECT

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

Construction activity at Maules Creek started in January and gained momentum as the quarter progressed with construction on budget and schedule for first coal to be railed in March 2015.

The water supply project which provides water for both the construction activity and permanently for the mine was completed in March. The work, performed by a local contractor Stripes Engineering, was the first significant and critical component of the project to be completed. Rainfall in late March was welcomed as it filled site dams and enabled compaction work to continue unimpeded on the various construction sites. An additional benefit of the rainfall event is that water draw for the construction project from the Namoi River will be significantly reduced for several months.

Another significant positive step for the project was completion of the second stage of the salvage works under the Aboriginal Archaeology and Cultural Heritage Management Plan. The area covered by the salvage works includes both the box cut for the mine and the first three years planned mining area. The successful completion of this work in a relatively short time period reflects positively upon the strength of the working relationships held with the broader indigenous group engaged with Whitehaven on the project.

Rail line construction which represents the longest lead time item for the project remains on schedule.

Downer was awarded the CHPP erection contract during the quarter. Downer has mobilized to the holding yards where the components of the CHPP have been stored near Narrabri. Initial assembly has commenced with major components to be transferred to the site shortly.

In another positive development the Commonwealth Department of the Environment has concluded its review of the reports prepared by the independent ecologist on the biodiversity offset land package for the Maules Creek project. The Department has advised that:

- The findings of both reports are soundly based on the data and information provided.
- Both reports adequately review both the originally proposed offsets and the additional offsets, verifying the total quantity of CEEC (Box Gum Woodland) and threatened fauna habitat.

QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT

- The quantity and quality of the offsets for the threatened fauna species meets the requirements of the conditions of the approval.

The Department has indicated that it will work with Whitehaven to ensure that the final offsets package reflects the overall proportion of the derived native grassland and woodland forms of Box Gum Woodland in the areas being cleared, including, if necessary, the acquisition of additional offset property.

The Maules Creek project is currently the largest coal mine under construction in Australia. The project construction costs are estimated to total \$767 million (which includes a contingency of \$70 million) and construction is forecast to be completed in CY2015; with first coal expected to be railed in March 2015. The mine with an expected life of mine strip ratio of 6.4:1 and average LOM FOB costs of \$67/t will be one of the lowest cost open cut coal mines in Australia. Its initial production rate is planned to be 6Mtpa, however, over a period of three years production is expected to ramp to 13.0Mtpa ROM coal as additional equipment is sourced for the mine and markets are developed for the coal. Production will 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 predominantly from the local region in North Western New South Wales.

The following table provides an update on construction progress of the projects key components. The table will be also placed onto the Whitehaven website and regularly updated so that investors, analysts and stakeholders can monitor and track progress on the project.

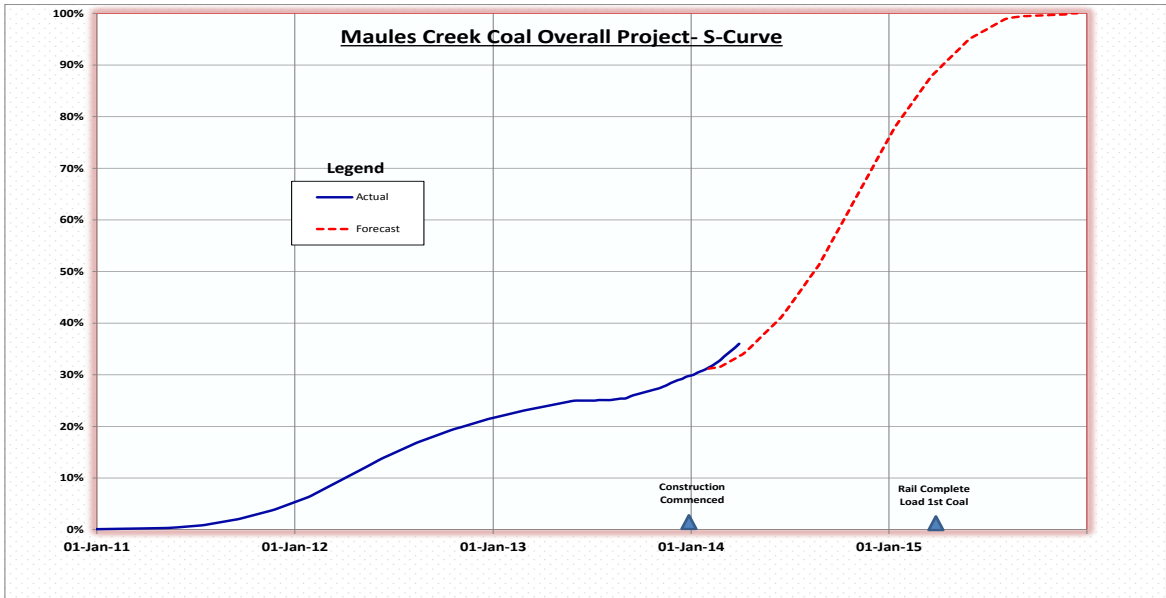
Area	Contractor	% Complete at End March 2014
Rail	Leighton	18%
Bulk Earthworks	Ditchfield	8%
CHPP Design, Supply, CHPP Erect	Sedgman Downer	44%
Water Supply	Stripes	100%
Power Supply	Transgrid	5%
Mine Infrastructure	Various	15%
Total		36%



WHITEHAVEN COAL

QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT



Rail line and cutting construction near the rail loop





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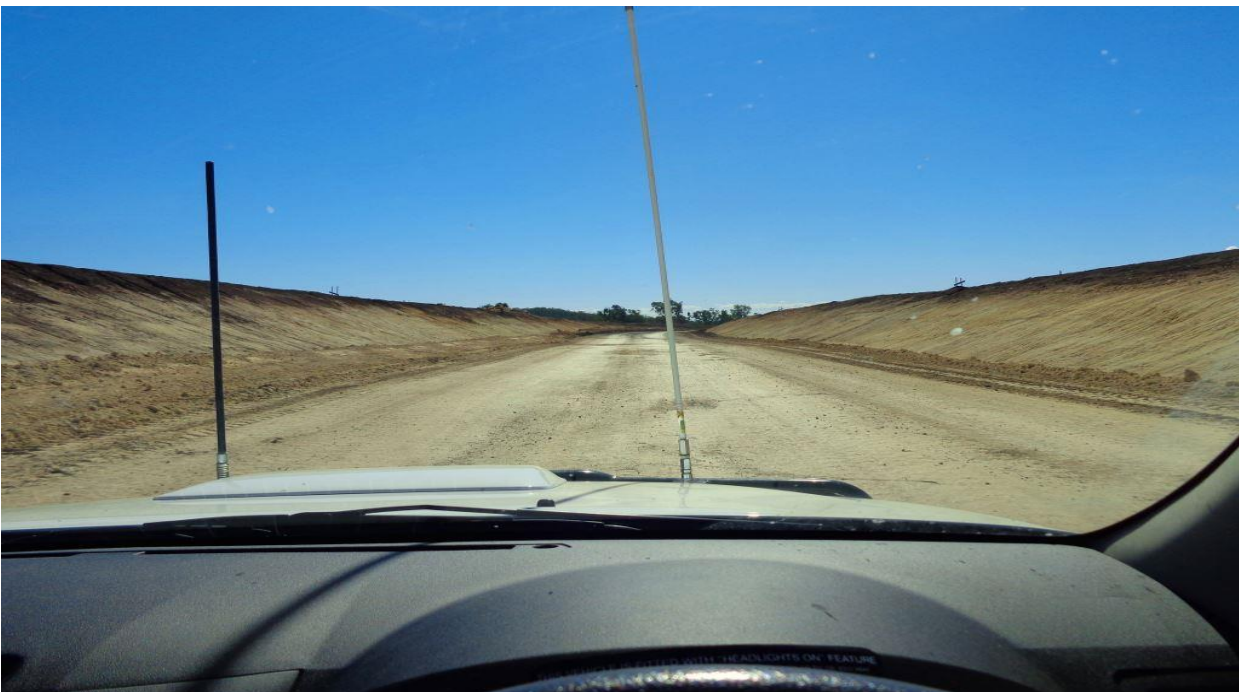
QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT

Rail loop construction



Rail line route and cutting





QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT

VICKERY PROJECT

Whitehaven	100%
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Whitehaven continues to work through the approval process with the NSW Department of Planning & Infrastructure and is engaged in 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 Maules Creek.

The initial 30t axle load locomotive trial concluded on 31 January 2014. The results of the trial indicated that the dynamic loading of the heavier 30t axle load locomotives at 60km/hour is within acceptable limits of the existing infrastructure. The trial has now been extended to end on 31 March 2015 and will test the ability of the heavier trains to operate at speeds of up to 80km/hour and match the current speed limit for the lighter trains. The extension provides for a staged increase in the maximum operating speed of the 30t axle load locomotives from the current 60km/hour to 80km/hour.

CORPORATE

In an ASX Release (Revised Production Forecast) lodged with the ASX on 24 April Whitehaven provided revised production guidance in the range of 9.8Mt to 10.0Mt saleable coal (100% basis) for FY14. Previous guidance for the year was 10.7Mt saleable coal on a 100% basis.

Whitehaven completed the financing and procurement arrangements for the mining fleet required for the initial production of 6Mtpa from the Maules Creek project. The equipment consists of 300t and 170t trucks, excavators and other ancillary equipment. The transaction completes the acquisition of all of the equipment required for the first stage of mining at Maules Creek without using any balance sheet capacity.

The Australian Taxation Office has paid Whitehaven a refund of \$25 million in income taxes and interest following resolution of a long standing exploration claim by the company.

There were approximately US\$30.0 million in forward A\$ / \$US exchange contracts on hand at the end of March, at an average exchange rate of A\$1.00 = US\$0.9143. These contracts are deliverable between April and June 2014.

EXPLORATION

Whitehaven spent a total of \$0.518 million on exploration during the March quarter.



QUARTERLY REPORT

MARCH 2014 QUARTERLY PRODUCTION REPORT

PRODUCTION AND SALES BY MINE

Thousands of tonnes	Quarter Ended			YTD		
	Mar 2014	Mar 2013	Change	Mar 2014	Mar 2013	Change
Narrabri						
ROM Coal Production	675	1,311	(49%)	3,962	2,887	37%
Saleable Coal Production	949	1,147	(17%)	3,862	2,474	56%
Sales of Produced Coal	1,068	1,098	(3%)	3,926	2,298	71%
Coal Stocks at period end	109	488	(78%)	109	488	(78%)
Tarrawonga						
ROM Coal Production	374	570	(34%)	1,443	1,516	(5%)
Saleable Coal Production	502	418	20%	1,351	1,234	9%
Sales of Produced Coal	440	393	12%	1,409	1,188	19%
Coal Stocks at period end	196	300	(35%)	196	300	(35%)
Rocglen						
ROM Coal Production	239	355	(33%)	866	1,037	(16%)
Saleable Coal Production	180	266	(32%)	666	769	(13%)
Sales of Produced Coal	186	265	(30%)	732	790	(7%)
Coal Stocks at period end	34	112	(69%)	34	112	(69%)
Sunnyside						
ROM Coal Production	-	-	-	-	307	-
Saleable Coal Production	-	111	-	-	365	-
Sales of Produced Coal	-	118	-	-	379	-
Coal Stocks at period end	-	39	-	-	39	-
Werris Creek						
ROM Coal Production	518	315	64%	1,477	1,080	37%
Saleable Coal Production	603	369	63%	1,564	1,094	43%
Sales of Produced Coal	591	370	60%	1,669	1,088	53%
Coal Stocks at period end	193	119	62%	193	119	62%
Whitehaven Group Totals						
Managed ROM Coal Production	1,806	2,551	(29%)	7,748	6,826	14%
Managed Saleable Coal Production	2,234	2,311	(3%)	7,443	5,936	25%
Managed Sales of Produced Coal	2,285	2,244	2%	7,735	5,744	35%
Sales of Purchased Coal*	-	166	(100%)	204	590	(66%)
Total Managed Coal Sales	2,285	2,410	(5%)	7,939	6,334	25%
Managed Coal Stocks at period end	532	1,058	(50%)	532	1,058	(50%)

* sales of externally purchased coal