

QUARTERLY REPORT

12 October 2017



September Quarter 2017

HIGHLIGHTS

- Strong safety performance – Group TRIFR 6.75 at the end of September
- ROM coal production of 5.7Mt, up 5% on previous corresponding period (pcp)
- Record saleable coal production of 5.9Mt , up 14% on pcp
- Record coal sales, including purchased coal, of 6.1Mt, up 21% on pcp
- Record coal railings of over 6Mt for the September quarter surpassing the previous record by 0.6Mt
- Maules Creek operated at an annualised rate of 10.5Mt for the quarter
- Narrabri mined through the fault in panel LW107 without incident

MANAGED PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Sep 2017	Sep 2016	Change	Sep 2017	Sep 2016	Change
Managed ROM Coal Production	5,736	5,438	5%	5,736	5,438	5%
Managed Saleable Coal Production	5,876	5,163	14%	5,876	5,163	14%
Managed Total Coal Sales	6,087	5,027	21%	6,087	5,027	21%

WHITEHAVEN EQUITY PRODUCTION AND SALES SUMMARY

Thousands of tonnes	Quarter Ended			YTD		
	Sep 2017	Sep 2016	Change	Sep 2017	Sep 2016	Change
Whitehaven Equity Totals						
Equity ROM Coal Production	4,273	4,106	4%	4,273	4,106	4%
Equity Saleable Coal Production	4,455	3,899	14%	4,455	3,899	14%
Equity Sales of Produced Coal	4,425	3,806	16%	4,425	3,806	16%
Sales of Purchased Coal	284	27		284	27	
Total Equity Coal Sales	4,709	3,833	23%	4,709	3,833	23%
Equity Coal Stocks at period end	1,896	1,310	45%	1,896	1,310	45%

SAFETY

Safety performance across the group continued to improve with Whitehaven's TRIFR of 6.75 recordable injuries per million hours worked at the end of September declining from 7.42 at the end of June. Four of Whitehaven's operations have not recorded a recordable injury for over a year.

Whitehaven's TRIFR remains well below the NSW coal mining average of 14.67.

COAL SALES

Managed coal sales, including sales of purchased coal, for the September quarter were 6.1Mt, up 21% on the previous corresponding period, and well ahead of the previous quarterly record of 5.5Mt. The strong sales performance was underwritten by record quarterly railings of over 6Mt, also materially above the previous quarterly record of 5.4Mt. Coal sales in the quarter comprised 13% metallurgical coal and 87% thermal coal.

Equity coal sales, including purchased coal, in the September quarter were 4.7Mt, up 23% on the previous corresponding period and comprised 72% high CV thermal, 13% metallurgical coal and 15% low CV thermal coal.

MAULES CREEK MINE

Whitehaven 75%

As expected Maules Creek continues to establish new ROM and saleable coal production records. ROM coal production from the mine for the quarter was 2.599Mt up 37% on 1.900Mt produced in the previous corresponding period. The mine operated at 10.5Mtpa rate, its current capacity for the quarter. The next step up in production will occur in early FY2019 when additional mining equipment is planned to be added to the fleet.

Saleable coal production for the quarter was 2.436Mt, up 38% on the previous corresponding quarter. Coal sales for the quarter were 2.392Mt, up 21% on the previous corresponding quarter. Metallurgical coal sales of 0.382Mt in the September quarter represented 16% of the total sales from the mine.

NARRABRI MINE

Whitehaven 70%

Mining in panel LW107 progressed successfully through the fault zone with production exceeding expectations. ROM coal production for the quarter was 2.237Mt and within 5% of the previous corresponding period. Saleable coal production for the quarter was 2.128Mt, modestly lower than for the previous corresponding period. Coal sales were 2.017Mt, up 7% compared to the previous corresponding period.

Roadway development for the September quarter was 5,458 metres.

Construction of the new ventilation shaft is progressing with the pilot hole for the shaft completed during the quarter.

A drilling programme which forms part of the usual gas drainage process has been refined to assist in determining the fault displacement in LW110 and LW111 is underway with results expected early in calendar 2018.

GUNNEDAH OPEN CUTS

The three Gunnedah open cuts – Tarrawonga, Rocglen and Werris Creek produced 0.899Mt of ROM coal for the quarter compared to 1.185Mt in the previous corresponding period. Production from all mines was lower as shift rosters returned to normal following the strong finish to the previous financial year.

Saleable coal production was 1.312Mt, up 12% and coal stocks at the three mines fell by 0.605Mt from the end of June. Coal sales were 1.374Mt up 20% respectively on the previous corresponding period.

Tarrawonga Mine

Whitehaven 70%

Tarrawonga produced 0.475Mt of ROM coal in the quarter compared to 0.503Mt in the previous corresponding period. Saleable coal production was 0.576Mt for the quarter, up 12% from the previous corresponding period. Coal sales for the period were 0.592Mt, up 13% from the previous corresponding period.

Rocglen Mine

Rocglen produced 0.223Mt ROM coal for the quarter compared to 0.326Mt in the previous corresponding period. Saleable coal production and coal sales for the quarter were 0.207Mt and 0.223Mt respectively.

Werris Creek Mine

Werris Creek produced 0.201Mt of ROM coal in the quarter compared to 0.356Mt in the previous corresponding period. Saleable coal production and coal sales for the quarter were 0.529Mt and 0.559Mt, higher by 21% and 46% respectively compared to the previous corresponding quarter.

Sunnyside Mine

Mining has recommenced at the Sunnyside open cut which has been on care and maintenance for an extended period. A total of 0.8Mt of coal will be mined over the next two years as part of rehabilitating the site. Blasting at the mine commenced in late September and coal production will recommence during the December quarter.

VICKERY PROJECT

Work on the detailed documentation for the Environmental Impact Statement (EIS) required for Government approval of an expanded Vickery mine (10Mtpa) is substantially complete. The EIS document and supporting documents are due to be lodged upon completion of some final optimisation work. It is anticipated that the EIS will be lodged shortly. Discussions with numerous parties who have expressed interest in becoming joint venture partners 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\$84.0 million in forward A\$/US exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.7881. These contracts are deliverable between October 2017 and March 2018.

COAL PRICES - EQUITY

The recently implemented index based quarterly benchmark pricing for metallurgical coal saw September quarter hard coking coal prices finally agreed in early September, following the publishing of the lagging three monthly average. Pricing agreement for semi soft coking coal and low volatile PCI followed the HCC settlement with prices of US\$120.00/t and US\$127.50/t respectively (both down 5% on prior quarter). This backward looking index linked pricing mechanism appears likely to continue, although it is expected in time that the quotation period will be modified so that there can be a known price at the commencement of each shipping quarter – similar to the iron ore pricing formula. As it stands, the benchmark price for the current December quarter will be determined in early December once the average of September, October and November price indexes are published.

Whitehaven achieved an average price of US\$109/t for the September quarter sales of metallurgical coal products. The achieved price reflects a combination of quarterly benchmark linked term contracts, index linked term contracts and fixed spot prices during the period. Spot index prices for semi soft coking coal traded in a range between US\$93/t and US\$130/t, and averaged \$114/t during the September quarter.

The global COAL NEWC Index thermal coal price averaged US\$94/t for the September quarter, US\$14.80 or 18.6% higher than the June quarter result of US\$80/t. Whitehaven achieved an average price of US\$91/t for all thermal coal sales during the quarter. High quality Maules Creek thermal coal sales continued to achieve a strong premium in excess of 8% above the Index price at the time of the sale reflecting the overall high quality of this coal.

COAL OUTLOOK

Thermal coal prices during the September quarter were stronger than many analysts forecast and current spot and forward prices also remain well above consensus forecasts. Several factors have combined to keep the thermal coal market tight. The higher quality end of the thermal coal market is experiencing stronger demand as a number of key seaborne end users are changing their quality requirements due to a greater focus on environmental and generation efficiency. Whilst in China, the coal burn for electricity generation is up 8% YOY, due to hydro electricity supply constraints and strength of underlying electricity demand. These factors have led to a larger than expected draw on the seaborne market.

On the supply side, rolling industrial activity in Australia combined with weather impacts earlier in the year have limited exports. Indonesia was also impacted by wet weather which constrained exports. With the two largest seaborne thermal coal exporters unable to respond to the strong demand, coal prices have risen across the board. This background underpins a positive outlook for thermal coal demand and prices over the next year.

Hard coking coal prices have also traded above expectations in recent months however this situation may change in the short term if steel production in China is cut during the winter months, as some commentators have suggested. The flow on is likely to be less draw on the seaborne market and moderating prices for metallurgical coals over the next six to twelve months. The relative strength in the thermal coal prices has seen a continuation of the poor pricing relativity between SSCC and thermal coal which has limited the incentive for producers, including Whitehaven, to switch to incremental volumes into SSCC.

EXPLORATION

Exploration expenditure incurred by Whitehaven during the September quarter was \$538k.

PRODUCTION AND SALES BY MINE

Thousands of tonnes	Quarter Ended			YTD		
	Sep 2017	Sep 2016	Change	Sep 2017	Sep 2016	Change
Maules Creek						
ROM Coal Production	2,599	1,900	37%	2,599	1,900	37%
Saleable Coal Production	2,436	1,772	38%	2,436	1,772	38%
Sales of Produced Coal	2,392	1,972	21%	2,392	1,972	21%
Coal Stocks at period end	581	338	72%	581	338	72%
Narrabri						
ROM Coal Production	2,237	2,353	(5%)	2,237	2,353	(5%)
Saleable Coal Production	2,128	2,223	(4%)	2,128	2,223	(4%)
Sales of Produced Coal	2,017	1,886	7%	2,017	1,886	7%
Coal Stocks at period end	487	540	(10%)	487	540	(10%)
Tarrawonga						
ROM Coal Production	475	503	(6%)	475	503	(6%)
Saleable Coal Production	576	513	12%	576	513	12%
Sales of Produced Coal	592	525	13%	592	525	13%
Coal Stocks at period end	540	390	38%	540	390	38%
Rocglen						
ROM Coal Production	223	326	(31%)	223	326	(31%)
Saleable Coal Production	207	218	(5%)	207	218	(5%)
Sales of Produced Coal	223	233	(4%)	223	233	(4%)
Coal Stocks at period end	460	182	153%	460	182	153%
Werris Creek						
ROM Coal Production	201	356	(43%)	201	356	(43%)
Saleable Coal Production	529	437	21%	529	437	21%
Sales of Produced Coal	559	383	46%	559	383	42%
Coal Stocks at period end	281	222	26%	281	222	26%
Whitehaven Group Totals						
ROM Coal Production	5,736	5,438	5%	5,736	5,438	5%
Saleable Coal Production	5,876	5,163	14%	5,876	5,163	14%
Sales of Produced Coal	5,782	5,000	16%	5,782	5,000	16%
Sales of Purchased Coal	305	27	1,044%	305	27	1,044%
Total Coal Sales	6,087	5,027	21%	6,087	5,027	21%
Coal Stocks at period end	2,350	1,673	40%	2,350	1,673	40%