

QUARTERLY REPORT

17 April 2018



WHITEHAVEN COAL

March Quarter 2018

HIGHLIGHTS

- Strong safety performance – Group TRIFR at the end of March was 5.51, the lowest recorded by the company
- ROM coal production of 5.9Mt, up 4% on the previous corresponding period (pcp)
- Saleable coal production of 5.2Mt, up 3% on pcp
- Coal sales, including purchased coal of 5.4Mt, up 10% on pcp
- Maules Creek established new quarterly records for ROM and saleable coal production of 2.9Mt and 2.7Mt respectively
- Maules Creek ROM production, saleable coal production and railed coal were all over 1Mt in March
- Gunnedah open cuts delivered record ROM and saleable coal production underpinning first quartile cost performance for FY2018 YTD
- Agreed to acquire Rio Tinto's 75% share of the Winchester South metallurgical coal project in Queensland's Bowen Basin for a total of US\$200 million
- Paid an interim dividend of \$129 million (13cps) to shareholders in March

MANAGED PRODUCTION AND SALES HIGHLIGHTS

PRODUCTION AND SALES HIGHLIGHTS						
Thousands of tonnes	Quarter Ended			YTD		
	Mar 2018	Mar 2017	Change	Mar 2018	Mar 2017	Change
Managed ROM Coal Production	5,909	5,675	4%	17,070	16,565	3%
Managed Saleable Coal Production	5,241	5,080	3%	16,131	15,304	5%
Managed Total Coal Sales (inc purchased coal)	5,414	4,917	10%	17,277	15,195	14%

WHITEHAVEN EQUITY PRODUCTION AND SALES SUMMARY

Thousands of tonnes	Quarter Ended			YTD		
	Mar 2018	Mar 2017	Change	Mar 2018	Mar 2017	Change
Whitehaven Equity Totals						
Equity ROM Coal Production	4,634	4,416	5%	13,029	12,607	3%
Equity Saleable Coal Production	4,061	3,877	5%	12,324	11,569	7%
Equity Sales of Produced Coal	3,931	3,594	9%	12,495	11,352	10%
Sales of Purchased Coal	293	218		948	256	
Total Equity Coal Sales	4,224	3,812	11%	13,443	11,608	16%
Equity Coal Stocks at period end				1,800	1,727	4%

SAFETY

Safety performance across the group continued to improve, with Whitehaven's TRIFR of 5.51 recordable injuries per million hours worked at the end of March, declining from 6.19 at the end of December. The improvement continues the trend that began in early FY2014 when Whitehaven's "Safehaven Rules" were introduced.

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

COAL SALES AND PRICING

Managed coal sales, including sales of purchased coal, for the March quarter were 5.4Mt, up 10% on the previous corresponding period.

Equity coal sales, including purchased coal, in the March quarter were 4.2Mt, up 11% on the previous corresponding period.

March quarter backward looking quarterly benchmark prices for metallurgical coal types were US\$237/t for hard coking coal, US\$159/t for LV PCI and US\$150/t for SSCC. Pricing outcomes for all metallurgical coal types are becoming increasingly opaque as steelmakers use a variety of different pricing mechanisms covering different time frames to contract their metallurgical coal purchases.

Maules Creek achieved a record high quarterly average price of 9.6% above the Newcastle index price for its sales of thermal coal during the March quarter.

The following table provides quarterly data on equity sales, sales mix and coal pricing.

		Quarter Ended			Mar-18
		Jun-17	Sep-17	Dec-17	
Equity Coal Sales	Mt	4.2	4.7	4.5	4.2
Coal Sales Mix					
High CV Thermal Coal	%	65	72	68	69
Low CV Thermal Coal	%	11	15	17	9
Metallurgical Coal	%	24	13	15	22
Pricing					
NEWC Index	US\$/t	80	95	98	103
JSM Quarterly	US\$/t	115	120	126	150
Average Spot Price	US\$/t	102	114	116	127
Pricing Achieved					
Thermal Coal	US\$/t	83	91	98	105
Metallurgical Coal	US\$/t	106	109	113	123
Premium/(Discount)					
Thermal to NEWC Index	%	4%	-3%	-1%	2%
Metallurgical to JSM Qtrly*	%	-8%	-9%	-11%	-18%
Metallurgical to Spot Price	%	4%	-5%	-3%	-3%
* Only applicable for tonnes sold under the term contracts					

MAULES CREEK MINE

Whitehaven 75%

ROM coal production from Maules Creek for the quarter established a new record of 2.901Mt, up 11% on the previous corresponding period. Saleable coal production for the quarter was 2.676Mt, up 7% on the previous corresponding quarter. Coal sales for the quarter were 2.550Mt, up 16% on the previous corresponding quarter.

Metallurgical coal sales of 0.647Mt in the March quarter represented 25% of the total sales from the mine. Metallurgical coal production for the quarter was 0.763Mt, 29% of total production. Both production and sales of metallurgical coal for the March quarter were higher than in the December quarter which is expected to assist Whitehaven to achieve its full year metallurgical coal sales mix guidance range of 20% to 25%.

The ramp up of production and sales at Maules Creek is proceeding well. ROM coal production for the June quarter is expected to be greater than 3.0Mt with full year ROM production expected to exceed 11.0Mt.

NARRABRI MINE

Whitehaven 70%

ROM coal production for the March quarter was 1.219Mt, 11% lower than the previous corresponding period. Saleable coal production for the quarter was 1.149Mt and coal sales were 1.141Mt for the quarter.

ROM coal production at Narrabri in the March quarter was constrained by two factors. AFC gearboxes on the longwall suffered mechanical problems, which reduced production for the period. Secondly, localised weighting events slowed the retreat of the longwall. As a consequence of the March quarter production delays, longwall production in LW108 panel is now expected to commence in July.

Production guidance for the mine for FY2018, is expected to be in the range of 6.1Mt to 6.3Mt ROM coal which is in line with guidance provided with the half year results. Production guidance of 7.7Mt ROM coal for FY2019 remains unchanged.

Roadway development for the March quarter was 3,679 metres.

GUNNEDAH OPEN CUTS

The Gunnedah open cuts are performing well particularly in safety, production and sales terms. This performance has been translated into a first quartile cost outcome for the year to date. Tarrawonga, Rocglen, and Werris Creek and the rehabilitation programme at Sunnyside produced a record 1.774Mt of ROM coal for the March quarter compared to 1.695Mt in the previous corresponding period.

Saleable coal production for the quarter was 1.415Mt and coal sales for the period were 1.397Mt. The totals were 13% and 20%, respectively higher than for the previous corresponding period.

Tarrawonga Mine

Tarrawonga produced 0.612Mt of ROM coal in the quarter. Saleable coal production and coal sales for the quarter were 0.553Mt and 0.644Mt respectively. Both are new quarterly records for the mine

Rocglen Mine

Rocglen produced 0.340Mt ROM coal for the quarter. Saleable coal production and coal sales for the quarter were 0.266Mt and 0.267Mt respectively.

Werris Creek Mine

Werris Creek produced 0.715Mt of ROM coal in the quarter. Saleable coal production and coal sales for the quarter were 0.538Mt and 0.462Mt respectively.

Sunnyside Mine

Coal mining in support of the mine closure Mining Operations Plan commenced at the Sunnyside open cut. Sunnyside had been on care and maintenance since November 2012.

ROM coal production for the quarter was 122kt, saleable coal production was 58kt and coal sales were 23kt. Coal produced from Sunnyside is a by-product of the rehabilitation programme to return the site to a post-mining landform. Margins earned from the Sunnyside rehabilitation will be retained in the provision for rehabilitation.

VICKERY PROJECT

Work to finalise the Environmental Impact Statement (EIS) documents continues. The EIS has been revised to include updated noise and dust modelling brought about when Whitehaven advised in December 2017 that it would remove the Bluevale Pit from the Vickery 10Mtpa project. The updated modelling also incorporates recent favourable changes to Government policy on industrial noise requirements. It is expected that the EIS will be lodged with the NSW Government authorities in the June quarter.

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. Discussions with numerous parties who have expressed interest in becoming joint venture partners will commence following the lodgment of the EIS

CORPORATE

There are US\$22.5 million in forward A\$/US\$ exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.7814. These contracts are deliverable between April and June 2018.

The low FX hedge position is a result of the number of fixed price coal sales running off into the end of the Japanese fiscal year. With the commencement of the new Japanese financial year the level of fixed price coal sales is expected to increase.

Whitehaven paid a \$129 million interim dividend (13 cents per share) to shareholders in March, representing about 50% of the NPAT for the first half of FY2018.

Whitehaven continues to invest for the future by prudent acquisition activity. Completion of the acquisition of Idemitsu's 30% interest in the Tarrawonga mine is expected to occur in the June quarter. This will take Whitehaven's ownership of Tarrawonga to 100%.

Whitehaven has also agreed to purchase Rio Tinto's 75% interest in the Winchester South metallurgical coal project. US\$150 million is to be paid on completion and a further US\$50 million is to be paid one year later. Completion is likely in the first half of FY2019 after regulatory approvals are obtained.

The purchase of Winchester South has been hedged with forward A\$/US exchange contracts at a rate of 0.7730. These transactions will be funded from cash resources and available debt facilities.

COAL OUTLOOK

Demand for thermal coal during the March quarter was strong as northern Asia experienced cooler weather than usual. This was especially evident in China where strong demand for increased volumes of thermal coal placed upwards pressure on seaborne prices. The March quarter average price for GCNewc 6,000kcal coal was US\$103/t while February GCNewc thermal coal prices achieved a multi-year high of US\$106/t.

The muted supply response to these price highs has been attributed to producers preferring to “buy” rather than “build” new production capacity. If this trend (of buying rather than building) continues then thermal coal prices are likely to remain buoyant. Respected forecaster CRU has indicated that it expects thermal coal prices to remain above US\$80/t for the next five years.

The demand for metallurgical coals in the quarter has been stronger than expected as steel producers maximize production to capture the benefit of strength in steel prices. Seaborne coal supply remains tight causing steel producers to broaden their supply sources to ensure the supply of raw materials necessary for uninterrupted steel production - yet prices have shown little downward response. Meanwhile, in Queensland Aurizon has indicated that up to 20Mt of rail system capacity is at risk with a significant portion of that 20Mt in capacity likely to be metallurgical coal. If that rail capacity was to be withdrawn then metallurgical coal prices are expected to remain well supported in the next year.

EXPLORATION

Exploration expenditure incurred by Whitehaven during the March quarter was \$1.5m.

PRODUCTION AND SALES BY MINE						
Thousands of tonnes	Quarter Ended			YTD		
	Mar 2018	Mar 2017	Change	Mar 2018	Mar 2017	Change
Maules Creek						
ROM Coal Production	2,901	2,610	11%	8,022	6,965	15%
Saleable Coal Production	2,676	2,502	7%	7,236	6,508	11%
Sales of Produced Coal	2,550	2,193	16%	7,271	6,288	16%
Coal Stocks at period end	451	739	(39%)	451	739	(39%)
Narrabri						
ROM Coal Production	1,219	1,370	(11%)	5,098	5,592	(9%)
Saleable Coal Production	1,149	1,329	(14%)	4,962	5,417	(8%)
Sales of Produced Coal	1,141	1,323	(14%)	4,961	5,313	(7%)
Coal Stocks at period end	322	207	55%	322	207	55%
Tarrowonga						
ROM Coal Production	612	653	(6%)	1,688	1,796	(6%)
Saleable Coal Production	553	598	(8%)	1,697	1,608	6%
Sales of Produced Coal	644	532	21%	1,730	1,569	10%
Coal Stocks at period end	497	505	(2%)	497	505	(2%)
Rocglen *						
ROM Coal Production	462	579	(20%)	886	1,147	(23%)
Saleable Coal Production	324	253	28%	777	656	18%
Sales of Produced Coal	291	218	33%	799	658	21%
Coal Stocks at period end	346	384	(10%)	346	384	(10%)
<i>* Includes Sunnyside Sales & Production</i>						
Werris Creek						
ROM Coal Production	715	463	54%	1,376	1,065	29%
Saleable Coal Production	538	398	35%	1,459	1,115	31%
Sales of Produced Coal	462	414	11%	1,495	1,093	37%
Coal Stocks at period end	543	291	87%	543	291	87%
Whitehaven Group Managed Totals						
ROM Coal Production	5,909	5,675	4%	17,070	16,565	3%
Saleable Coal Production	5,241	5,080	3%	16,131	15,304	5%
Sales of Produced Coal	5,088	4,699	8%	16,257	14,939	9%
Sales of Purchased Coal	326	218	50%	1,020	256	299%
Total Coal Sales	5,414	4,917	10%	17,277	15,195	14%
Coal Stocks at period end	2,158	2,125	2%	2,158	2,125	2%