

QUARTERLY REPORT

17 January 2019



WHITEHAVEN COAL

December Quarter Production Report

HIGHLIGHTS

- Maintained strong safety performance with Group TRIFR of 7.57 at the end of December.
- Record quarterly ROM coal production of 7.4Mt and first half production of 11.0Mt - on track to meet full year production guidance of 22.0Mt to 23Mt saleable coal.
- Saleable coal production of 5.6Mt for the quarter and 9.6Mt for the first half.
- Coal sales, including purchased coal, of 5.4Mt for the quarter and 10.3Mt for the first half.
- Record sales of 2.0Mt on a managed basis in December.
- Record quarterly ROM coal production of 4.0Mt at Maules Creek.
- Tarrawonga ROM coal production forecast to increase to 3.0Mtpa during H1 of FY2020.
- 560 public submissions received in relation to the Vickery Extension Project, with 63% supportive of the project proceeding.
- NSW Independent Planning Commission panel formed and two public hearings for the Vickery Extension project to take place in February.
- JORC Resources of 530Mt released on 25 October 2018 for the Winchester South project, 45% larger than previous owner's estimate.

Paul Flynn, Managing Director and CEO, Whitehaven Coal

“Record quarterly ROM coal production, including strong quarterly production at both Narrabri and Maules Creek, sees us firmly on track to meet full year production guidance.”

“Maules Creek and Narrabri have done a lot of the heavy lifting in Q2 but as with previous years we expect all our open cuts to contribute to a strong full year result.”

“The December quarter coal market and the market outlook remains positive. Strong Asian demand continues to underpin robust coal prices.”

MANAGED PRODUCTION AND SALES HIGHLIGHTS

PRODUCTION AND SALES HIGHLIGHTS						
Thousands of tonnes	Quarter Ended			YTD		
	Dec 2018	Dec 2017	Change	Dec 2018	Dec 2017	Change
Managed ROM Coal Production	7,390	5,425	36%	11,009	11,161	(1%)
Managed Saleable Coal Production	5,583	5,014	11%	9,564	10,890	(12%)
Managed Total Coal Sales	5,405	5,793	(7%)	10,258	11,880	(14%)

WHITEHAVEN EQUITY PRODUCTION AND SALES SUMMARY

Thousands of tonnes	Quarter Ended			YTD		
	Dec 2018	Dec 2017	Change	Dec 2018	Dec 2017	Change
Whitehaven Equity Totals						
Equity ROM Coal Production	5,703	4,122	38%	8,590	8,394	2%
Equity Saleable Coal Production	4,349	3,808	14%	7,616	8,263	(8%)
Equity Sales of Produced Coal	3,951	4,152	(5%)	7,600	8,577	(11%)
Sales of Purchased Coal	368	371	(1%)	774	655	18%
Total Equity Coal Sales	4,319	4,523	(5%)	8,374	9,232	(9%)
Equity Coal Stocks at period end	2,662	1,418	88%	2,662	1,418	88%

SAFETY

Whitehaven's TRIFR at the end of December was 7.57, a small movement from the end of September rate of 7.29.

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

GUIDANCE COMMENTARY

Both Maules Creek and Narrabri performed strongly in the December quarter. Full year FY2019 saleable production guidance has been reaffirmed at 22.0Mt to 23.0Mt on a managed basis.

Price spreads between high quality thermal coal and both SSCC and lower quality thermal coal have incentivised Whitehaven to wash more coal and produce high quality thermal coal. Lower production from Narrabri and Maules Creek mines in the September quarter combined with associated demurrage and underutilised logistics costs, have flowed through into costs in the first half. As a consequence of these factors Whitehaven expects that costs for FY2019 will be \$67/t, an increase of \$3/t from previous guidance of \$64/t (excluding royalties). Further details of costs will be provided at the time Whitehaven releases its first half results.

COAL SALES AND PRICING

Equity coal sales, including purchased coal, for the December quarter were 4.319Mt, 5% below the previous corresponding period. Equity coal sales, including purchased coal for the first half were 8.374Mt, 9% below the previous corresponding period.

Managed coal sales, including sales of purchased coal, for the December quarter were 5.405Mt, 7% below the previous corresponding period. Managed coal sales including purchased coal for the half year were 10.258Mt, 14% below the previous corresponding period.

Sales for the quarter and the half were lower than the previous corresponding periods mainly due to the scheduled impact of the longwall move at Narrabri in the September quarter and mine scheduling at Maules Creek. The scheduling resulted in a strong production result later in the December quarter. Product coal stocks at the end of

December were higher than usual which will lead to stronger saleable coal production, sales and cash generation in the second half of FY2019.

While ongoing Asian demand for high quality thermal coal in the lead up to the northern hemisphere winter was strong, the global Coal Newc Index (gC Newc) thermal coal price succumbed to usual seasonal factors and declined to an average US\$104.40/t for the quarter, approximately 11% lower than the September quarter average.

Maules Creek achieved an average price 9% higher than the gC Newc index price for its sales of thermal coal during the quarter.

December quarter benchmark prices (which utilised the backward-looking average indexes for metallurgical coal) were US\$212/t for hard coking coal, US\$145/t for LV PCI and US\$130/t (estimate) for SSCC. Settled benchmark prices for the December quarter were slightly higher than the previous quarter on the back of the improved hard coking coal settlement. Whitehaven achieved a strong average price outcome of US\$121.56/t for its mix of both benchmark linked and spot prices of metallurgical coal in the December quarter.

During the quarter, relative price differentials between gC Newc thermal coal and semi soft coking coal spot prices improved sufficiently to encourage spot sales of some metallurgical coal from Maules Creek.

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

Quarter						H1
		Mar-18	Jun-18	Sep-18	Dec-18	FY2019
Equity Coal Sales	Mt	4.2	3.8	3.9	4.2	8.2
Coal Sales Mix						
High CV Thermal Coal	%	69	59	61	72	66
Other Thermal Coal	%	9	23	22	10	16
Metallurgical Coal	%	22	18	17	18	18
Pricing						
NEWC Index	US\$/t	103	105	118	104	111
JSM Quarterly	US\$/t	150	132	129	130	130
Average Spot Price	US\$/t	127	121	125	122	123
Pricing Achieved						
Thermal Coal	US\$/t	105	98	113	108	110
Metallurgical Coal	US\$/t	123	131	128	122	124
Premium/(Discount)						
Thermal to NEWC Index	%	2%	-7%	-4%	3%	-1%
Metallurgical to JSM Qtrly*	%	-18%	-1%	-1%	-6%	-4%
Metallurgical to Spot Price	%	-3%	8%	2%	0%	1%
* Only applicable for tonnes sold under the term contracts						
Note: The JSM SSCC price for December quarter is an estimate as price not yet settled						
Equity sales do not include sales for Sunnyside						

MAULES CREEK MINE

Whitehaven 75%

ROM coal production for the quarter was 3.958Mt, 57% above the previous corresponding period and a new quarterly record. The mine also established new monthly and weekly records of 1.671Mt and 0.804Mt respectively during December. The strong production was matched by additional railings at the end on the month, with a total of 16 trains loaded and dispatched on Christmas and Boxing days, significantly above the usual level of between 3 and 4 trains per day.

Full year production guidance in the range of 11.8Mt to 12.2Mt ROM coal from Maules Creek is reaffirmed.

Saleable coal production for the quarter was 2.410Mt, 13% above the previous corresponding period. Coal sales were 2.106Mt, 10% below the previous corresponding quarter. Coal stocks at the end of the period were high following strong ROM coal production in December.

ROM coal production for the first half was 6.226Mt, 22% above the previous corresponding period. Saleable coal production and coal sales for the first half were 4.390Mt and 4.261Mt, lower by 4% and 10% respectively, compared to the prior corresponding period.

Metallurgical coal production for the quarter was 0.805Mt representing 33% of the total saleable production from the mine. Sales of metallurgical coal on a managed basis were 0.561Mt representing 27% of total sales for the quarter.

As already indicated the margin between the spot price for semi soft coking coal (which averaged US\$122/t during the quarter) and the premium price achieved for thermal coal sales improved over the course of the quarter resulting in renewed inbound enquiries for sales of semi soft coking coal in calendar year 2019.

NARRABRI MINE

Whitehaven 70%

ROM coal production for the December quarter was 2.326Mt, 42% above the previous corresponding period and marginally below the quarterly ROM coal production record for the mine. Saleable coal production and coal sales were 2.105Mt and 1.927Mt, an increase of 25% and 7%, respectively on the previous corresponding quarter.

Whitehaven reaffirms production guidance in the range of 6.5Mt to 6.8Mt ROM coal from the mine for the full year.

As previously reported, first half coal production and sales were impacted by a full longwall changeout that occurred during the September quarter. ROM coal production for the first half was 2.876Mt. Saleable coal production and coal sales for the first half were 2.834Mt and 2.802Mt respectively.

Roadway development in mains and gate roads for the December quarter and first half were 3,267 metres and 6,091 metres respectively.

A small dedicated project team has been formed to work on the Narrabri Stage 3 project, which includes the conversion of the southern exploration licence into a mining lease. A gateway submission to the Department of Planning and Environment (DPE) will be lodged in early February. The gateway submission is the first step in the Environmental Impact Assessment (EIA) process for the project. It is anticipated that the EIA for the Stage 3 project is likely to be lodged with the DPE in early CY2020.

GUNNEDAH OPEN CUTS

Total ROM coal production for the quarter was 1.106Mt, 12% below the previous corresponding period as coal stocks were drawn down, processed and sold. Saleable coal production and coal sales of 1.067Mt and 1.004Mt respectively were lower than the previous corresponding quarter.

ROM coal production for the first half across the smaller open cuts totalled 1.907Mt, 12% below the previous corresponding period. Saleable coal production and coal sales for the first half were 2.339Mt and 2.411Mt, respectively. The current mining sequence with a back ended production profile for the year accounts for the weaker than usual performance in the first half of the year.

Whitehaven reaffirms production guidance in the range of 4.6Mt to 5.0Mt ROM coal for the year.

Tarrawonga Mine

Tarrawonga produced 0.394Mt of ROM coal for the quarter and 0.832Mt for the first half. Saleable coal production and coal sales for the quarter were 0.536Mt and 0.538Mt respectively and for the first half were 1.058Mt and 1.085Mt respectively.

Whitehaven's Board has approved an expansion plan for Tarrawonga involving the acquisition of new mining equipment (5 excavators and 17 trucks) as well as infrastructure improvements. The equipment will replace the current mining fleet and allow for the expansion of the mine up to its fully permitted rate of 3.0Mtpa ROM coal. The increased production rate is expected to commence in the September quarter FY2020 and will effectively replace a significant portion of the production associated with the cessation of commercial operations at Rocglen.

Rocglen Mine

Rocglen produced 0.266Mt of ROM coal for the quarter and 0.409Mt for the first half. Saleable coal production and coal sales for the quarter were 0.160Mt and 0.158Mt respectively and for the first half 0.355Mt and 0.361Mt respectively. The mine is scheduled to cease ROM coal production at the end of FY2019 when Reserves are exhausted and will then undergo a rehabilitation programme for about 18 months.

Werris Creek Mine

Werris Creek produced 0.339Mt of ROM coal for the quarter and 0.506Mt for the first half. Saleable coal production and coal sales for the quarter were 0.261Mt and 0.217Mt respectively and for the first half were 0.731Mt and 0.758Mt respectively.

Sunnyside Mine

ROM coal mining in support of the mine closure Mining Operations Plan continued during the quarter and half year with totals of 0.107Mt and 0.159Mt, respectively. Mining at Sunnyside is expected to be completed by the end of FY2019, in support of the Sunnyside rehabilitation programme.

Saleable coal production and coal sales for the quarter and half were 0.110Mt and 0.195Mt respectively. Coal sales for the quarter and first half were 0.090Mt and 0.208Mt respectively.

VICKERY EXTENSION PROJECT

Whitehaven lodged the EIS for the Vickery Extension Project with the Department of Planning and Environment (DPE) on 13 August 2018. The DPE reviewed the EIS and placed it on public display one month later on 13 September 2018. The EIS was available for public inspection and comment for six weeks until 25 October 2018. A total of 560 submissions were received for the project with 63% of the submissions in favour of the project.

On September 6, the NSW Minister for Planning referred the Project to the NSW Independent Planning Commission (IPC), which subsequently formed a panel comprised of three commissioners. The DPE after having reviewed the public submissions to the EIS prepared an Issues Paper for consideration by the IPC panel. Two public hearings have been scheduled for early February in Boggabri and Gunnedah, to allow community members to share their views on the Project with the panel. The IPC is also accepting written submissions until mid-February.

After the scheduled hearings, the IPC is expected to issue a report on the outcome of the hearings and the DPE review. Whitehaven will then be asked to respond to the submissions and the IPC report. On the basis of Whitehaven's responses, DPE will proceed to prepare a whole of government report on the project which will be provided to the IPC for final review and determination.

Whitehaven continues to expect that it will receive an approval for the Project by the end of calendar year 2019.

WINCHESTER SOUTH PROJECT

Following the receipt of all the technical data on the project from the previous owner, Whitehaven has calculated new JORC Resources for Winchester South. Full details of the revised Resources were released to the ASX on 25 October (available at www.whitehavencoal.com.au). The JORC Resources for the project are 530Mt, which is 45% higher than 356Mt, as estimated by the previous owner. The Resources calculation from 25 October has also seen a large increase in the combined total of Measured and Indicated Categories from 277Mt to 430Mt.

The project team is working hard to advance the project as quickly as possible. A comprehensive drill programme will commence in the June 2019 quarter. The programme is designed to confirm coal quality data specifically in relation to metallurgical coal qualities. Data from the drilling will assist in the design of the CHPP and other associated infrastructure along with further defining the Resources and ultimately the Reserves of the project.

CORPORATE

Whitehaven was served on Friday 21 December with a Statement of Claim commencing representative proceedings against Whitehaven in the Supreme Court of Queensland (see ASX release on 24 December 2018 for full details). The proceedings have been commenced by Nathan Tinkler who claims to be trustee of the Boardwalk Resources Trust and is purportedly brought on behalf of Tinkler and a number of parties who were issued Milestone Shares in Whitehaven in May 2012.

Whitehaven denies in the strongest possible terms any wrongdoing, will vigorously defend the proceedings and will seek to have it dismissed at an early stage.

There are US\$80 million in forward A\$/US exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.7235. These contracts are deliverable between January and December 2019.

COAL OUTLOOK

Prices for high quality thermal coal have been resilient over the December quarter with gC Newc pricing averaging US\$104/t. The imposition of port restrictions by China during the quarter reduced imports of lower quality thermal coal, with Indonesian sub-bituminous coal being impacted most significantly. According to CRU, Indonesia's share of imports to China declined from about 50% of the total in March 2018 to about 35% in September 2018, with further declines likely to have occurred in the following months. Conversely, imports of higher quality coal from Australia increased. Thermal coal demand increased in India with thermal generation growing by 5% Y/Y in 2018. Import volumes in South and Southeast Asia increased significantly in 2018 with an additional 40Mt drawn into these countries following the ongoing deployment of new coal fired power stations in the region.

Despite strong prices for high quality coal, there has been limited supply side response. In Australia, a number of producers including Whitehaven have diverted production from semi soft coking coal to thermal coal but new incremental capacity has not emerged. The relative scarcity of 6,000 kcal/kg coal is becoming more evident as the price differential between 6,000 kcal/kg and 5,500 kcal/kg coal widens. This pricing development reflects structural changes in end user quality requirements to the benefit of suppliers of higher quality coal. With the winter season in the northern hemisphere and limited new supply available, the short term outlook for high quality thermal coal remains positive. Further into the future, prices for high quality thermal coal remain dependent upon aggregate Asian economic activity levels, and the rate of industrialisation, urbanisation and electrification of Asian economies.

The demand for metallurgical coals, especially hard coking coal throughout year remained strong as steel producers maximised productivity to capture the benefit of high steel prices. Seaborne coal supply remained tight as a range of disruptions occurred in the period. In addition, China's domestic production was constrained by another round of safety and environment inspections following a mining accident in Shandong province. These supply constraints combined with strong demand have underpinned the hard coking coal price above US\$200/t for the December quarter. Prices are expected to moderate as these issues are overcome. However, with the Queensland cyclone season arriving, weather disruptions are possible and likely to keep prices elevated until later this year.

EXPLORATION

Exploration expenditure incurred by Whitehaven during the December quarter and first half were \$0.7m and \$1.6m respectively.

PRODUCTION AND SALES BY MINE						
Thousands of tonnes	Quarter Ended			YTD		
	Dec 2018	Dec 2017	Change	Dec 2018	Dec 2017	Change
Maules Creek						
ROM Coal Production	3,958	2,521	57%	6,226	5,121	22%
Saleable Coal Production	2,410	2,124	13%	4,390	4,560	(4%)
Sales of Produced Coal	2,106	2,346	(10%)	4,261	4,738	(10%)
Coal Stocks at period end	1,929	387	399%	1,929	387	399%
Narrabri						
ROM Coal Production	2,326	1,642	42%	2,876	3,879	(26%)
Saleable Coal Production	2,105	1,684	25%	2,834	3,813	(26%)
Sales of Produced Coal	1,927	1,802	7%	2,802	3,820	(27%)
Coal Stocks at period end	550	295	86%	550	295	86%
Gunnedah Open Cuts (Consolidated)						
ROM Coal Production	1,106	1,261	(12%)	1,907	2,161	(12%)
Saleable Coal Production	1,067	1,206	(12%)	2,339	2,518	(7%)
Sales of Produced Coal	1,004	1,255	(20%)	2,411	2,628	(8%)
Coal Stocks at period end	830	1,094	(24%)	830	1,094	(24%)
Tarrawonga						
ROM Coal Production	394	601	(34%)	832	1,076	(23%)
Saleable Coal Production	536	569	(6%)	1,058	1,145	(8%)
Sales of Produced Coal	538	495	9%	1,085	1,086	(0%)
Coal Stocks at period end	243	574	(58%)	243	574	(58%)
Rocglen						
ROM Coal Production	266	201	32%	409	424	(3%)
Saleable Coal Production	160	246	(35%)	355	453	(22%)
Sales of Produced Coal	158	285	(45%)	361	508	(29%)
Coal Stocks at period end	137	269	(49%)	137	269	(49%)
Sunnyside						
ROM Coal Production	107	-	-	159	-	-
Saleable Coal Production	110	-	-	195	-	-
Sales of Produced Coal	90	-	-	208	-	-
Coal Stocks at period end	200	-	-	200	-	-
Werris Creek						
ROM Coal Production	339	460	(26%)	506	661	(23%)
Saleable Coal Production	261	391	(33%)	731	920	(21%)
Sales of Produced Coal	217	475	(54%)	758	1,034	(27%)
Coal Stocks at period end	250	250	(0%)	250	250	(0%)
Whitehaven Group Managed Totals						
ROM Coal Production	7,390	5,425	36%	11,009	11,161	(1%)
Saleable Coal Production	5,583	5,014	11%	9,564	10,890	(12%)
Sales of Produced Coal	5,038	5,404	(7%)	9,474	11,186	(15%)
Sales of Purchased Coal	368	389	(5%)	785	694	13%
Total Coal Sales	5,405	5,793	(7%)	10,258	11,880	(14%)
Coal Stocks at period end	3,309	1,776	86%	3,309	1,776	86%