

QUARTERLY REPORT

11 July 2019

June Quarter Production Report

HIGHLIGHTS

- Safety performance improved significantly with the TRIFR at 6.16 at the end of June
- Strong finish to the year of 7.3Mt ROM coal production, up 25% on the previous corresponding period (pcp)
- June quarter saleable coal production of 5.2Mt, up 9% on pcp
- June quarter coal sales (including purchased coal) of 5.3Mt, up 12% on pcp
- ROM coal production of 23.2Mt exceeded full year guidance
- Coal sales including purchased coal of 21.6Mt, near the level of the pcp
- Record full year ROM coal production from Maules Creek of 11.7Mt, up 7% on pcp
- Narrabri performed strongly in the June quarter producing 1.9Mt ROM coal and 6.4MT for the full year, exceeding guidance by a wide margin
- Winchester South declared a Coordinated Project by the Queensland Government

Comments from the MD and CEO, Paul Flynn

“It’s pleasing to see a respectable production result for the quarter and year, particularly in respect of Narrabri which demonstrated a strong return to form.

“Safety performance was also positive and we are absolutely focused on ensuring continued vigilance on this front.

“We also progressed along the approvals pathways for both Vickery and Winchester South, together with developments at our existing assets, very much reflecting our status as the true growth player in the Australian seaborne market

Whitehaven Managed Totals

PRODUCTION AND SALES HIGHLIGHTS						
Thousands of tonnes	Quarter Ended			YTD		
	Jun 2019	Jun 2018	Change	Jun 2019	Jun 2018	Change
Managed ROM Coal Production	7,334	5,854	25%	23,222	22,924	1%
Managed Saleable Coal Production	5,180	4,749	9%	19,806	20,880	(5%)
Managed Total Coal Sales	5,338	4,767	12%	21,638	22,061	(2%)

Whitehaven Equity Totals

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2019	Jun 2018	Change	Jun 2019	Jun 2018	Change
Equity ROM Coal Production	5,822	4,698	24%	18,358	17,727	4%
Equity Saleable Coal Production	4,192	3,836	9%	15,817	16,160	(2%)
Equity Sales of Produced Coal	3,987	3,601	11%	16,017	16,109	(1%)
Sales of Purchased Coal	377	308	23%	1,615	1,256	29%
Total Equity Coal Sales	4,364	3,909	12%	17,631	17,365	2%
Equity Coal Stocks at period end	2,754	2,621	5%	2,754	2,621	5%

Note: Production, sales and stocks include Sunnyside volumes

SAFETY

The safety outcome for the Group improved significantly in the June quarter with the TRIFR falling from 8.3 at the end of March to 6.16 at the end of June.

Group TRIFR remains well below the NSW coal mining average of 14.67.

As recent tragic events in Queensland have reminded us all, our working environments expose employees to risks that can have very serious consequences if not managed and mitigated properly. Every single member of our workforce should expect to be able to come home safely to their families and loved ones at the end of each day. This is why safety remains a critical component of our growth agenda and why we have redoubled our efforts to embed safe work practices into our culture and maintain the inversely proportional relationship between more tonnes and safety outcomes. Productivity and growth simply cannot come at the expense of safety and our latest 'Could it be you' safety campaign seeks to remind every Whitehaven employee and contractor of their individual responsibilities in this regard.

PRODUCTION GUIDANCE COMMENTARY

		FY2019 Guidance	FY2019 Outcome	Comment
Production (Whitehaven Group Managed)				
ROM Coal Production	Mt	21.8 – 22.8	23.2	Exceeded guidance
Maules Creek	Mt	11.6 – 11.8	11.7	Achieved guidance
Narrabri	Mt	5.6 – 6.0	6.4	Exceeded guidance
Gunnedah Open Cuts	Mt	4.6 – 5.0	5.1	Exceeded guidance
Saleable Coal Production	Mt	20.5 – 21.0	19.8	Large ROM stock build at year end
Costs	\$/t	67		To be provided with FY results

COAL SALES AND PRICING

Equity coal sales for the June quarter, including purchased coal, were 4.364Mt, 12% above the pcp. Managed coal sales, including sales of purchased coal, were 5.338Mt, 12% above the pcp.

Equity coal sales for FY2019, including purchased coal, were 17.631Mt, 2% above the previous year. Managed coal sales, including sales of purchased coal, were 21.638Mt, modestly lower than the previous year.

The globalCoal Newcastle Index (gC Newc) thermal coal price softened to an average of US\$79.86/t for the quarter compared with the average price for FY2019 of US\$99.41/t. Whitehaven continues to see strong demand for its high quality thermal coals.

In the June quarter, Whitehaven achieved a price of US\$84/t for thermal coal sales, 5% higher than the average gC Newc price for the period. For the full year, Whitehaven achieved a thermal coal sales price of US\$100/t, which was US\$1/t higher than the gC Newc price for the period.

June quarter benchmark prices (which use backward-looking average metallurgical coal indices) were US\$208/t for prime hard coking coal and US\$129/t for SSCC and about US\$141/t for Low Vol PCI coal. Whitehaven achieved an average price of US\$107/t for its metallurgical coal sales (SSCC and PCI coal) in the quarter.

Maules Creek achieved a premium of 12% above the gC Newc index price for its sales of thermal coal in the June quarter and 9% above the gC Newc index price for the full year.

Equity Sales and Prices

		Quarter				
		Sep-18	Dec-18	Mar-19	Jun-19	FY2019
Equity Coal Sales	Mt	3.9	4.2	4.8	4.2	17.2
Coal Sales Mix						
High CV Thermal Coal	%	61	72	62	68	65
Other Thermal Coal	%	22	10	16	15	16
Metallurgical Coal	%	17	18	22	16	19
Pricing						
NEWC Index	US\$/t	118	104	96	80	99
JSM Quarterly	US\$/t	129	135	132	129	131
Average Spot Price	US\$/t	125	122	117	95	115
Pricing Achieved						
Thermal Coal	US\$/t	113	108	97	84	100
Metallurgical Coal	US\$/t	128	122	120	107	119
Premium/(Discount)						
Thermal to NEWC Index	%	-4	3	1	5	1
Metallurgical to JSM Qtrly	%	-1	-10	-9	-17	-9
Metallurgical to Spot Price	%	2	0	3	12	4

Note: Equity sales in the above table exclude sales from Sunnyside

MAULES CREEK OPEN CUT MINE

Whitehaven 75%

A very strong finish to the year enabled the mine to establish a new full year production record of 11.720Mt ROM coal and to meet its revised production guidance target for the year. With the strong conclusion to the year, ROM coal stocks at the end of the quarter were higher than usual and will be washed and sold in the September quarter.

ROM coal production for the June quarter was 3.798Mt, up 30% on the pc. Saleable coal production for the quarter was 2.536Mt, marginally higher than in the pc. Coal sales for the quarter were 2.387Mt, similar to the pc.

As mentioned previously, ROM coal production for the full year was 11.720Mt, up 7% on the previous year. Saleable coal production for the year was 9.200Mt, 5% lower than the previous year. Coal sales for the year were 9.309Mt, modestly lower than in the previous year.

Managed metallurgical coal sales of 0.407Mt in the June quarter represented 17% of the total sales from the mine. Metallurgical coal sales for the full year were 2.342Mt representing 25% of total sales.

NARRABRI UNDERGROUND LONGWALL MINE

Whitehaven 70%

The strong final quarter performance from Narrabri production comfortably exceeded the production guidance provided in the March quarterly report. The longwall successfully mined through the large fault during the quarter and resumed normal production rates after emerging from the fault zone.

ROM coal production for the June quarter was 1.875Mt, up 57% on the pc. Saleable coal production for the quarter was 1.181Mt and coal sales were 1.251Mt, both significantly higher than for the previous corresponding quarter.

Full year ROM coal production of 6.447Mt was 3% higher than the previous year. Saleable coal production was 5.630Mt, 4% lower than the previous year and coal sales for the year were 5.705Mt, similar to the previous year.

The new higher capacity hydraulic cylinders for the longwall arrive in this half and will be installed at the next longwall changeout due to occur in November/December this year. The cylinders will be installed in the changeout period with an extra week incorporated into the changeout schedule for the upgrade.

Roadway development, including the cut and flit panel development on the southern side of the mains for the June quarter and full year was 6,414 metres and 26,481 metres respectively.

GUNNEDAH OPEN CUTS

The Gunnedah Open Cuts put in a strong performance in the final quarter of the year and exceeded the guidance target for the year. Tarrawonga, Rocglen and Werris Creek and the rehabilitation programme at Sunnyside produced a total of 1.662Mt of ROM coal for the June quarter and 5.055Mt for the year.

Saleable coal production for the quarter was 1.464Mt and coal sales for the period were 1.309Mt.

Saleable coal production for the full year was 4.977Mt and coal sales for the period were 4.979Mt.

Tarrawonga Mine

Tarrawonga produced 0.663Mt of ROM coal in the June quarter. Saleable coal production and coal sales for the quarter were 0.597Mt and 0.560Mt respectively. ROM coal production for the full year of 2.186Mt, was modestly below the previous year but in line with internal forecasts. Saleable coal production and coal sales were 2.197Mt and 2.166Mt respectively, similar to the previous year.

The expansion project increasing ROM coal production to 3.0Mtpa is on schedule with some of the equipment already delivered to the mine. The project requires a new mining fleet of larger trucks and excavators to replace

the old smaller equipment operating at the site along with some modest infrastructure to accommodate the larger equipment. Production will gradually increase over the next year as the new fleet is delivered with production likely to reach the full 3.0Mtpa rate in the second half of FY2020.

Rocglen Mine

In its final quarter of production Rocglen produced 0.268Mt ROM coal. Saleable coal production and coal sales for the quarter were 0.206Mt and 0.181Mt respectively. The mine is scheduled to move into a rehabilitation programme in FY2020 with the project likely to take about 18 months to complete.

Full year ROM coal production was 0.879Mt. Saleable coal production and coal sales were 0.716Mt and 0.728Mt respectively.

Werris Creek Mine

Werris Creek produced 0.692Mt of ROM coal in the quarter. Saleable coal production and coal sales for the quarter were 0.529Mt and 0.443Mt respectively.

ROM coal production for the full year was 1.682Mt, 14% lower than the previous year and in line with the mine plan for the year. Saleable coal production and coal sales for the year were 1.647Mt and 1.668Mt respectively, both lower than for the previous year.

Sunnyside Mine

Coal mining in support of the mine closure Mining Operations Plan continued during the quarter with a total of 0.039Mt ROM coal produced. Mining at Sunnyside in support of the Sunnyside rehabilitation programme is expected to be completed during FY2020 with about 100kt of coal to be mined for the year.

Saleable coal production for the quarter was 0.132Mt and coal sales were 0.126Mt.

ROM coal production for the year was 0.307Mt. Saleable coal production and coal sales were 0.417Mt and 0.416Mt respectively for the year.

VICKERY EXTENSION PROJECT

In August 2018, Whitehaven lodged the Vickery Extension Project Environmental Impact Statement (EIS) with the Department of Planning and Environment (DPE). The DPE reviewed the EIS and placed it on public display in September 2018 and the EIS was available for public inspection and comment for six weeks until late October 2018.

In September 2018, the NSW Minister for Planning referred the Project to the NSW Independent Planning Commission (IPC) which subsequently formed a panel of three commissioners. The DPE prepared an Issues Paper for consideration by the IPC panel and the IPC held public hearings during February 2019 in Boggabri and in Gunnedah. The IPC, as well as holding the two February 2019 town hall style meetings, accepted written submissions. More than 75% of written submissions supported the Project.

The IPC released its Issues Report in April 2019. Whitehaven is progressively working through the report and expects to complete its work in the near future. Once any remaining issues have been satisfactorily addressed, the DPE will proceed to prepare a whole of government report on the Project for the IPC's final review to support its determination. At this stage, Whitehaven expects to receive the IPC's determination and project approval early in calendar year 2020.

In June, Whitehaven completed site works under the approved 4.5mtpa Vickery open cut mining project to keep its consent in good standing. A drilling programme has commenced to determine the line of oxidation in relation to the first coal seam to be exposed. This drilling will be used to refine the positioning of the box cut for the mine.

WINCHESTER SOUTH PROJECT

A significant milestone was achieved for the project during the quarter with the declaration of the project as a Coordinated Project by the Queensland Coordinator-General. The declaration paves the way for a whole-of-government assessment of the project by way of an Environmental Impact Statement (EIS). For full details see the ASX Release dated 18 April 2019. The draft terms of reference for the EIS have been published for public input.

Work continues on data collection for the EIS. Core samples from the recently completed large diameter drilling programme for coal quality testing is at the laboratory for testing. Another round of drilling will commence this quarter with the aim of enhancing confidence in the geological structure of the project to enable detailed mine planning and project optimisation. Detailed mining planning for the project continues ahead of the determination of the JORC Reserves scheduled for later in the year.

CORPORATE

There are US\$93 million in forward A\$/US\$ exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.7080. These contracts are deliverable between July and April 2020.

THERMAL AND METALLURGICAL COAL OUTLOOK

Thermal coal markets have softened due to a number of factors that caused prices to soften in the June quarter - low seaborne LNG prices into Europe and Asia, Chinese import restrictions and the negative impact upon global GDP from trade tensions between the United States and China.

The decline in gas prices in Europe from US\$9/GJ in September 2018 to US\$3/GJ in June 2019 has led to power generators switching from coal to gas in those markets where this is possible, causing demand for coal to fall in the region.

Power demand in China continues to grow, up 4.9% in the first five months of 2019. Increased rainfall has led to increased power generated by hydro-electricity, which has been combined with increased installed wind and solar capacity. Coal fired power generation increased in central and western parts of China and declined in the coastal regions. With growing domestic coal production, up 3.5% year on year to May and reduced demand from the coastal regions, coal imports declined. Australia appears to have borne the brunt of the lower imports with sales into China falling in the first half of CY2019.

Slowing world economic growth, in part brought on by trade tensions between the United States and China has also impacted demand for thermal coal. Central banking authorities are acting to stimulate economic activity which may cause an improvement in growth in FY2020.

With the benefit of both good weather and good prices, seaborne coal supply from Indonesia, Russia and Australia has increased year on year. With the softening of prices in the first half of 2019 the market is expected to rebalance as high cost producers moderate production. Exports from swing producers in the United States and Colombia have declined given the price environment. CRU estimates that exports from those two countries will fall by 21Mt and 5Mt respectively in 2019. Over the course of the period since mid-2016, there has been little new large scale production added to global thermal coal supply. With seaborne LNG trading below breakeven levels for new supply, some rebalancing can be expected to occur in this market as well.

The outlook for metallurgical coal remains healthy with steel production holding up well in several countries (India, China and Japan) which are dependent upon the seaborne market to meet coking coal needs.

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PRODUCTION AND SALES BY MINE

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2019	Jun 2018	Change	Jun 2019	Jun 2018	Change
Maules Creek						
ROM Coal Production	3,798	2,931	30%	11,720	10,953	7%
Saleable Coal Production	2,536	2,428	4%	9,200	9,664	(5%)
Sales of Produced Coal	2,387	2,352	1%	9,309	9,641	(3%)
Coal Stocks at period end	1,160	646	80%	1,160	646	80%
Narrabri						
ROM Coal Production	1,875	1,190	57%	6,447	6,289	3%
Saleable Coal Production	1,181	878	34%	5,630	5,840	(4%)
Sales of Produced Coal	1,251	800	56%	5,705	5,760	(1%)
Coal Stocks at period end	1,018	639	59%	1,018	639	59%
Gunnedah Open Cuts (Consolidated)						
ROM Coal Production	1,662	1,732	(4%)	5,055	5,683	(11%)
Saleable Coal Production	1,464	1,444	1%	4,977	5,377	(7%)
Sales of Produced Coal	1,309	1,296	1%	4,979	5,321	(6%)
Coal Stocks at period end	1,172	1,689	(31%)	1,172	1,689	(31%)
Tarrawonga						
ROM Coal Production	663	601	10%	2,186	2,289	(4%)
Saleable Coal Production	597	464	28%	2,197	2,162	2%
Sales of Produced Coal	560	390	43%	2,166	2,121	2%
Coal Stocks at period end	373	620	(40%)	373	620	(40%)
Rocglen						
ROM Coal Production	268	314	(15%)	879	1,077	(18%)
Saleable Coal Production	206	235	(12%)	716	955	(25%)
Sales of Produced Coal	181	213	(15%)	728	988	(26%)
Coal Stocks at period end	90	255	(65%)	90	255	(65%)
Sunnyside						
ROM Coal Production	39	234	(83%)	307	356	(14%)
Saleable Coal Production	132	111	19%	417	169	147%
Sales of Produced Coal	126	76	66%	416	100	315%
Coal Stocks at period end	139	253	(45%)	139	253	(45%)
Werris Creek						
ROM Coal Production	692	583	19%	1,682	1,960	(14%)
Saleable Coal Production	529	632	(16%)	1,647	2,091	(21%)
Sales of Produced Coal	443	616	(28%)	1,668	2,112	(21%)
Coal Stocks at period end	570	562	1%	570	562	1%
Whitehaven Group Managed Totals						
ROM Coal Production	7,334	5,854	25%	23,222	22,924	1%
Saleable Coal Production	5,180	4,749	9%	19,806	20,880	(5%)
Sales of Produced Coal	4,948	4,448	11%	19,993	20,722	(4%)
Sales of Purchased Coal	390	319	22%	1,645	1,339	23%
Total Coal Sales	5,338	4,767	12%	21,638	22,061	(2%)
Coal Stocks at period end	3,350	2,974	13%	3,350	2,974	13%