

QUARTERLY REPORT

22 October 2019

September 2019 Quarter Production Report

Highlights

- Safety performance improved with the TRIFR at 5.14 for the twelve months ended September
- September quarter of 4.4Mt ROM coal production, up 22% on the previous corresponding period (pcp)
- September quarter saleable coal production of 4.9Mt, up 23% on pcp
- September quarter coal sales of 5.5Mt, up 14% on pcp
- Whitehaven executed an agreement with EDF to acquire EDF's 7.5% interest in the Narrabri underground longwall mine which when completed will increase Whitehaven's equity ownership level to 77.5%
- Equipment at Tarrawonga arriving and ramp up to 3Mtpa has commenced
- Rehabilitation has commenced at Rocglen
- FY20 guidance remains unchanged since issued to the market on 15 August 2019

Comments from the MD and CEO Paul Flynn

"It is pleasing to report that safety performance continues to improve, indicating that our efforts to further embed a safety-focused culture as production increases is bearing fruit."

"The quarter represents a solid planned start to the year, which will be second half weighted."

"Our program of improving efficiency continues, with the autonomous haulage evaluation program at Maules Creek entering the final stage of technical testing and commissioning in Q2 FY20. Further, new higher capacity longwall chock legs have started to arrive at Narrabri, ahead of the changeout later this year when we will install higher capacity cylinders to help build resilience against cyclical weighting events."

"Our inaugural Investor Day was well supported and will be a recurring feature in the company's investor relations calendar."

Safety

The safety outcome for the Group improved significantly in the September quarter with the TRIFR falling from 6.16 at the end of June to 5.14 at the end of September. Group TRIFR remains well below the NSW coal mining average of 14.64.

Whitehaven Managed Totals

Thousands of tonnes	Quarter Ended			Year to Date		
	Sep 2019	Sep 2018	Change	Sep 2019	Sep 2018	Change
Managed ROM Coal Production	4,420	3,619	22%	4,420	3,619	22%
Managed Saleable Coal Production	4,909	3,981	23%	4,909	3,981	23%
Managed Total Coal Sales	5,546	4,853	14%	5,546	4,853	14%

Whitehaven Equity Totals

Thousands of tonnes (including Sunnyside)	Quarter Ended			Year to Date		
	Sep 2019	Sep 2018	Change	Sep 2019	Sep 2018	Change
Equity ROM Coal Production	3,391	2,887	17%	3,391	2,887	17%
Equity Saleable Coal Production	3,861	3,267	18%	3,861	3,267	18%
Equity Sales of Produced Coal	4,030	3,649	10%	4,030	3,649	10%
Sales of Purchased Coal	436	406	7%	436	406	7%
Total Equity Coal Sales	4,466	4,055	10%	4,466	4,055	10%
Equity Coal Stocks at period end	1,606	1,446	11%	1,606	1,446	11%

Equity Coal Sales and Realised Pricing

		Quarter Ended				
		Sep 2019	Jun 2019	Mar 2019	Dec 2018	Sep 2018
Total Equity Coal Sales	Mt	4.5	4.4	4.9	4.3	4.1
Sales of purchased coal (thermal)	Mt	0.4	0.4	0.5	0.4	0.4
Sunnyside	Mt	0.1	0.1	0.1	0.1	0.1
Equity Own Coal Sales	Mt	3.9	3.9	4.2	3.8	3.5
Coal sales mix (own coal sales)						
High CV Thermal Coal	%	65%	65%	60%	69%	60%
Other thermal coal	%	15%	15%	14%	11%	20%
Metallurgical coal	%	20%	20%	26%	20%	20%
Pricing						
NEWC Index	US\$/t	68	80	96	104	118
JSM Quarterly (SSCC)	US\$/t	115	129	132	135	129
Average SSCC spot price	US\$/t	86	95	117	122	125
Price achieved (own coal sales)						
Thermal coal	US\$/t	73	84	97	108	113
Metallurgical coal	US\$/t	100	107	120	122	128
Premium/Discount						
Thermal to NEWC Index	%	7%	5%	1%	3%	(4%)
Metallurgical to JSM Qtrly	%	(13%)	(17%)	(9%)	(10%)	(1%)
Metallurgical to Spot Price	%	16%	12%	3%	0%	2%

Note: Figures may not add due to rounding

Equity coal sales for the September quarter, including purchased coal, were 4.5 Mt, 10% above the pcg. This sales volume improvement is reflective of the Narrabri production uplift when compared to the pcg, which was impacted by the move to LW107. Equity sales were higher than saleable production for the quarter as a result of drawing down stocks that were built up towards the end of FY19.

The globalCoal Newcastle Index (gC Newc) thermal coal price softened to average US\$68/t for the quarter compared with the average price for Q4 FY19 of US\$80/t. Whitehaven continues to experience solid end user demand for its high quality thermal coals.

In the September quarter, Whitehaven achieved an average realised price of US\$73/t for thermal coal sales, 7% higher than the average gC Newc price for the period. Maules Creek achieved a premium of 17% above the gC Newc index price for its sales of thermal coal in the September quarter, reflecting a greater contribution of fixed quality premiums in the current price environment.

September quarter metallurgical benchmark prices (which use backward-looking 3 monthly average indices) were US\$178/t for prime hard coking coal and US\$115/t for SSCC.

Maules Creek Open Cut Mine

Whitehaven 75%

Thousands of tonnes	Quarter Ended			Year to Date		
	Sep 2019	Sep 2018	Change	Sep 2019	Sep 2018	Change
ROM Coal Production	1,962	2,268	(14%)	1,962	2,268	(14%)
Saleable Coal Production	2,034	1,980	3%	2,034	1,980	3%
Sales of Produced Coal	2,125	2,154	(1%)	2,125	2,154	(1%)
Coal Stocks at period end	441	476	(7%)	441	476	(7%)

As outlined at the Investor Day in September the focus of Maules Creek's current phase of the mine plan is on reaching the bottom of the pit to allow for in-pit dumping and the development of the south west area of the pit. The development of the south west area will expose more of the Braymont seam which is scheduled to be accessed in the second half of FY20.

Saleable coal production in the September quarter was higher than ROM coal production reflecting the draw-down of higher opening stock levels to support customer demand.

Managed metallurgical coal sales of 0.362Mt in the September quarter represented 17% of the total sales from the mine. For the comparative period in FY19 metallurgical coals sales were 0.601Mt, 27% of total sales, when the Braymont seam was accessed.

The autonomous haulage system (AHS) evaluation program at Maules Creek is progressing well. The final stage of technical testing and commissioning is being undertaken in Q2 FY20. The first AHS fleet, comprising 6 Hitachi EH5000 haulage trucks, is due to be placed into the mine's production area following completion of this stage of testing.

Narrabri Underground Longwall Mine

Whitehaven 70%

Thousands of tonnes	Quarter Ended			Year to Date		
	Sep 2019	Sep 2018	Change	Sep 2019	Sep 2018	Change
ROM Coal Production	1,793	550	226%	1,793	550	226%
Saleable Coal Production	1,800	729	147%	1,800	729	147%
Sales of Produced Coal	1,835	875	110%	1,835	875	110%
Coal Stocks at period end	949	258	268%	949	258	268%

Q1 FY20 production performance was in line with the mine plan. The significant increase in ROM, saleable coal production and sales of produced coal over the comparative period reflects good production levels at the mine for the quarter and pcp production being adversely impacted by the scheduled long wall changeout from LW107 to LW108.

Saleable coal production for the quarter was above ROM production as high opening coal stocks were draw down to support strong sales demand.

Sales of produced coal of 1.835Mt reflect strong production performance and the processing of high opening ROM stocks.

Coal stocks at the end of the quarter were larger than the comparative period because in the comparative period stocks had been drawn down as a result of the scheduled long wall changeout from LW107 to LW108.

Roadway development, including cut and flit on the Southern side of the Mains, was 7.2 kilometres for the quarter. The level of Mains development for the quarter is in-line with Narrabri's mine plan.

As previously guided, Q2 FY20 production will be impacted by the scheduled 8 week longwall changeout through November and December. New higher capacity long wall chock legs have commenced being received at Narrabri and during this change out these higher capacity cylinders will be installed. The upgrade in support capacity is anticipated to better manage weighting events that occur periodically in the deeper areas of the mine.

Gunnedah Open Cut Mines

Thousands of tonnes	Quarter Ended			Year to Date		
	Sep 2019	Sep 2018	Change	Sep 2019	Sep 2018	Change
ROM Coal Production	665	801	(17%)	665	801	(17%)
Saleable Coal Production	1,075	1,272	(15%)	1,075	1,272	(15%)
Sales of Produced Coal	1,124	1,407	(20%)	1,124	1,407	(20%)
Coal Stocks at period end	612	909	(33%)	612	909	(33%)

Total ROM and saleable coal production from the Gunnedah open cut mines was down on the prior comparative period due to the closure of the Rocglen mine which saw last ROM coal mined in June 2019, as well as the closure of the Sunnyside mine which saw last ROM coal mined in August 2019, as both these operations transition into rehabilitation phase.

Both saleable production and sales were greater than ROM production as opening ROM stock was drawn down to support strong sales demand.

Tarrawonga Mine

Thousands of tonnes	Quarter Ended			Year to Date		
	Sep 2019	Sep 2018	Change	Sep 2019	Sep 2018	Change
ROM Coal Production	429	438	(2%)	429	438	(2%)
Saleable Coal Production	510	521	(2%)	510	521	(2%)
Sales of Produced Coal	575	547	5%	575	547	5%
Coal Stocks at period end	165	471	(65%)	165	471	(65%)

Tarrawonga ROM and saleable production levels were similar to the prior comparative period. High opening coal stocks were drawn down to support sales and attractive blending opportunities.

During the quarter mining equipment arrived on site in preparation for Tarrawonga's expansion to a 3.0Mtpa ROM production mine. It is anticipated the mobile fleet will be largely commissioned during Q4 FY20.

Werris Creek Mine

Thousands of tonnes	Quarter Ended			Year to Date		
	Sep 2019	Sep 2018	Change	Sep 2019	Sep 2018	Change
ROM Coal Production	143	167	(14%)	143	167	(14%)
Saleable Coal Production	408	470	(13%)	408	470	(13%)
Sales of Produced Coal	340	541	(37%)	340	541	(37%)
Coal Stocks at period end	346	146	137%	346	146	137%

Werris Creek ROM production for Q1 FY20 was down on the same period in FY19 as the present mining position is not at the same stage of the seam sequence as last year.

For the September quarter, Werris Creek sales were lower than the comparative period.

Rocglen Mine

Thousands of tonnes	Quarter Ended			Year to Date		
	Sep 2019	Sep 2018	Change	Sep 2019	Sep 2018	Change
ROM Coal Production	-	144	(100%)	-	144	(100%)
Saleable Coal Production	28	195	(86%)	28	195	(86%)
Sales of Produced Coal	77	202	(62%)	77	202	(62%)
Coal Stocks at period end	-	103	(100%)	-	103	(100%)

Last coal was hauled from the mine and processed through the Gunnedah CHPP in July 2019. During the quarter the last coal was sold and the mining operations ceased. Rehabilitation at the mine has commenced.

Sunnyside Mine

Thousands of tonnes	Quarter Ended			Year to Date		
	Sep 2019	Sep 2018	Change	Sep 2019	Sep 2018	Change
ROM Coal Production	93	52	79%	93	52	79%
Saleable Coal Production	129	85	52%	129	85	52%
Sales of Produced Coal	133	117	14%	133	117	14%
Coal Stocks at period end	101	189	(47%)	101	189	(47%)

Last coal was produced from the mine in August 2019. During the quarter mining operations ceased and rehabilitation of the mine has commenced.

Vickery Extension Project

The proposed Vickery Extension open cut mine, with JORC marketable reserves of 178Mt, is progressing through the New South Wales approvals process.

In August 2018, Whitehaven lodged the 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). The DPE prepared an Issues Paper for consideration by the IPC panel and the IPC held public hearings during February 2019. 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, which Whitehaven responded to in full in August 2019. The DPE is now preparing a whole of government report on the Project for the IPC's final review to support the IPC's determination. At this stage, Whitehaven expects to receive the IPC's determination and project approval early in calendar year 2020.

While the approval process has been progressing Whitehaven has completed site works under the approved 4.5mtpa Vickery open cut mining project to keep its consent in good standing. A drilling programme has been undertaken to determine the line of oxidation in relation to the first coal seam to be exposed.

During the September quarter preliminary design work for the project infrastructure which includes the CHPP, rail spur, and other site infrastructure has commenced. In addition key mining operations appointments have been made and work has commenced on advancing operational readiness activities.

Winchester South Project

The proposed Winchester South open cut mine, situated in the Bowen Basin Queensland, is progressing through the Queensland Government's EIS process, with the Final Terms of Reference for the EIS issued 4 September 2019. Work continues on data collection for the EIS with all specialty study consultants formally engaged and on-ground studies having commenced.

Work also continues on the technical optimization of the Project. Drilling continued through the quarter to advance and confirm both the geological structure and to support the upcoming detailed mine planning work. Coal testing continues and both the coal quality and structure information will be included in the detailed mining plan to be finalized by the end of CY19.

Detailed infrastructure studies have also commenced to provide the project advanced design and costing information on all processing and non-processing infrastructure items

Corporate

There are US\$80 million in forward A\$/US\$ exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.6931. These contracts are deliverable between October 2019 and April 2020.

On 22 August 2019 Whitehaven announced it had entered into a binding agreement to acquire EDF Trading Australia Pty Limited, which owns a 7.5% interest in the Whitehaven-operated Narrabri Mine. The agreement provides that Whitehaven will receive the benefit of the economic interest of the additional 7.5% from 1 July 2019. Whitehaven anticipates that completion, which requires New South Wales Government Ministerial consent, will take place between November 2019 and February 2020. Following completion, Whitehaven will own 77.5% of the mine and will account for the underlying interest in the additional 7.5% at that time.

Exploration

Exploration expenditure incurred by Whitehaven during the September quarter was \$8.6m reflecting Vickery, Winchester South and Narrabri Stage 3 projects preparing their respective Environmental Impact Study (EIS) submissions and engineering design studies.

Thermal and Metallurgical Coal Outlook

Thermal coal prices have continued to exhibit weakness due to the impact of ongoing market conditions namely low seaborne LNG prices into Europe and Asia, Chinese import restrictions and the generally negative sentiment on global GDP stemming from the trade tensions between the United States and China.

Softness in seaborne LNG pricing has continued in the September 2019 quarter. Low seaborne LNG prices provide an incentive for those generators who have surplus gas generating capacity to switch to consuming spot LNG and curtail their coal purchases. Changes in the European carbon market are also adversely affecting Atlantic basin coal demand; the upcoming Northern Hemisphere winter is expected to see a degree of recovery in coal demand. Market commentators observe that spot LNG prices are likely to rebalance in the medium term as consuming nations expand their capacity to receive imported LNG.

Signs are emerging of a modest recovery in coal import volumes into China which has led to recent market speculation that the Chinese Government may allow a relatively modest uplift in annual imports to ~300Mt or about 20Mt above the previous year's imports of 281Mt.

Seaborne coal supply from the key producing regions of Indonesia, Russia and Australia has continued to experience supportive operational conditions leading to modest year on year increases in production volumes. Soft prices in the first three quarters of CY19 have led to announced reductions in the traditional swing seaborne thermal coal producers (United States and Colombia), whose operating margins have been challenged by the impact of rising dry bulk freight rates and lower prices.

The outlook for metallurgical coal has experienced some deterioration in the last quarter with operating margins in the steel market contracting on the back of weaker demand and previously resilient supply of steel products into the export markets from the key NE Asian producers. This has resulted in announcements of widespread production cuts which has seen a softening in raw material demand, even for hard coking coal, which prior to these recent experiences had seen prices hold up relatively well until mid-August. The dynamics in the steel market are being impacted by the trade war between China and the US, and Chinese efforts to underpin its GDP through productivity programmes in key industrial and manufacturing sectors, including steel.

FY20 Guidance

Item		Range	Comments
Managed ROM Coal Production	Mt	22.0 – 23.5	Production weighted to second half (H2 60%)
Maules Creek	Mt	12.0 – 12.5	
Narrabri	Mt	6.0 – 6.5	Longwall changeout Q2 FY20
Gunnedah Open Cuts	Mt	4.0 – 4.5	Rocglen closed; Tarrawonga ramping up to 3.0Mt ROM
Managed Coal Sales	Mt	20.0 – 21.0	Excludes coal purchases
Unit cost (excluding royalties)	\$/t	70	Higher strip ratios (Maules Creek and Tarrawonga) and yields at Maules Creek (deeper seams)
Sustaining Capital	\$m	55 – 63	
Narrabri Mains Development	\$m	22 – 26	Current Narrabri mains development completed in FY21
Expansion & Growth Capital			
Operating Mine Projects	\$m	50 – 58	Tarrawonga expansion to 3.0Mtpa, Narrabri hydraulic cylinders, Maules Creek AHS project
Growth Projects	\$m	95 – 105	Vickery, Winchester South and Narrabri Stage 3

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PRODUCTION, SALES & STOCKS BY MINE		Quarter Ended			
Thousands of tonnes	Sep 2019	Jun 2019	Mar 2019	Dec 2018	Sep 2018
Maules Creek					
ROM Coal Production	1,962	3,798	1,696	3,958	2,268
Saleable Coal Production	2,034	2,536	2,274	2,410	1,980
Sales of Produced Coal	2,125	2,387	2,661	2,106	2,154
Coal Stocks at period end	441	1,160	339	1,929	476
Narrabri					
ROM Coal Production	1,793	1,875	1,696	2,326	550
Saleable Coal Production	1,800	1,181	1,615	2,105	729
Sales of Produced Coal	1,835	1,251	1,652	1,927	875
Coal Stocks at period end	949	1,018	471	550	258
Gunnedah Open Cuts (Consolidated)					
ROM Coal Production	665	1,662	1,486	1,106	801
Saleable Coal Production	1,075	1,464	1,174	1,067	1,272
Sales of Produced Coal	1,124	1,309	1,258	1,004	1,407
Coal Stocks at period end	612	1,172	970	830	909
Tarrawonga					
ROM Coal Production	429	663	692	394	438
Saleable Coal Production	510	597	542	536	521
Sales of Produced Coal	575	560	522	538	547
Coal Stocks at period end	165	373	357	243	471
Rocglen					
ROM Coal Production	-	268	203	266	144
Saleable Coal Production	28	206	154	160	195
Sales of Produced Coal	77	181	186	158	202
Coal Stocks at period end	-	90	97	137	103
Sunnyside					
ROM Coal Production	93	39	109	107	52
Saleable Coal Production	129	132	90	110	85
Sales of Produced Coal	133	126	83	90	117
Coal Stocks at period end	101	139	229	200	189
Werris Creek					
ROM Coal Production	143	692	484	339	167
Saleable Coal Production	408	529	387	261	470
Sales of Produced Coal	340	443	467	217	541
Coal Stocks at period end	346	570	287	250	146
Whitehaven Group Managed Totals					
ROM Coal Production	4,420	7,334	4,879	7,390	3,619
Saleable Coal Production	4,909	5,180	5,062	5,583	3,981
Sales of Produced Coal	5,084	4,948	5,571	5,038	4,436
Sales of Purchased Coal	463	390	470	368	417
Total Coal Sales	5,546	5,338	6,042	5,405	4,853
Coal Stocks at period end	2,001	3,350	1,781	3,309	1,643