

ASX ANNOUNCEMENT

5 December 2019

WHITEHAVEN COAL: UPDATED FY20 GUIDANCE

Whitehaven has today issued updated FY20 guidance due to:

- Challenges being experienced sourcing skilled operators for Maules Creek, Whitehaven's largest operation; and
- Impacts arising from dust events related to severe and ongoing drought conditions in North West NSW.

Notwithstanding Whitehaven's status as the single largest private sector employer in North West NSW, the company has recently experienced more challenging local and regional labour market conditions impacting its ability to fill rosters at Maules Creek with appropriately skilled operators.

The shortfall in experienced personnel has contributed to unanticipated productivity losses detailed in the revised guidance provided below. Whitehaven expects it could take the balance of the financial year to source, select, on-board and train the necessary workers at Maules Creek in order to achieve a return to full utilisation of equipment and increase related operating productivity.

While the company has and will continue to draw heavily on the local employment capacity, it is actively pursuing a range of short and medium term options in conjunction with employment service providers, mining service providers, local council and others to attract additional talent to the local area. This multi-limbed strategy is necessary to ensure Whitehaven is well positioned to deliver on its pipeline of local growth opportunities.

Whitehaven's other sites are fully manned.

Production at Maules Creek has also been affected by numerous unscheduled production stoppages during November and December from smoke, dust and haze events which are a function of ongoing severe drought conditions. With safety a key consideration, this has led to reduced truck speeds in lower visibility environments and in some cases required operations to be temporarily suspended. As a 24x7 operation still to achieve 100% in-pit dumping, Maules Creek has been disproportionately affected by these conditions relative to our other open cut operations which have shorter haul distances. The guidance incorporates an expectation of further disruptions during the summer months.

Whitehaven confirms these factors will impact FY20 cost guidance. A cost range has been provided. The range incorporates expectations for both the impact of weather and recruitment and training upon productivity and utilisation outcomes at Maules Creek over the balance of FY20.

Drought continues to place significant pressure on many businesses right across New South Wales and Whitehaven is not immune to its impacts. Currently no interruption is expected for FY20 operations on account of water supply issues but the company will update the market in the event regulatory delays around further water supply augmentation measures already in train impact this revised guidance.

FY20 Guidance

Item		Range	Previous	Comments
Managed ROM Coal Production	Mt	20.0 - 22.0	22.0 - 23.5	H1 ~40% H2 ~60%; Unchanged
Narrabri	Mt	6.0 – 6.5	6.0 – 6.5	Unchanged
Gunnedah Open Cuts	Mt	4.0 – 4.5	4.0 – 4.5	Unchanged
Maules Creek	Mt	10.0-11.0	12.0-12.5	Skilled labour shortages and drought impacts as described above
Managed Coal Sales	Mt	19.0 - 20.0	20.0 – 21.0	Reduced ROM production partially offset by drawdown of opening stock levels
Unit cost (excluding royalties)	A\$/t	73 -75	70	Reflects decreased productivity, underutilisation of logistics and increased unit operating overhead costs
Sustaining Capital	A\$m	55 - 63	55 - 63	Unchanged
Narrabri Mains Development	A\$m	22 - 26	22 - 26	Unchanged
Expansion & Growth Capital				
Operating Mine Projects	A\$m	50 - 58	50 - 58	Unchanged
Growth Projects	A\$m	80 - 90	95 - 105	Deferred spend on Vickery due to project approval delays

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