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WHITEHAVEN SUSPENDS OPERATIONS AT SUNNYSIDE MINE INDEFINITELY

Whitehaven Coal Limited (ASX:WHC) today announced that mining operations have been suspended indefinitely at its Sunnyside mine near Gunnedah, and the site placed on 'care and maintenance'.

The decision has been taken as a result of the continued decline in global coal prices.

Approximately 14 Whitehaven employees and 23 external contractors are currently employed at the mine which was scheduled to operate under the existing mine plan until the end of 2013. The mine is approved to operate until September 2015.

All employees and contractors have been informed of the decision. All Whitehaven employees will be offered positions in other Whitehaven operations and Whitehaven management will continue to consult with them in relation to this. Whitehaven has also informed the CFMEU in relation to the decision.

While mining has been suspended, environmental monitoring and the rehabilitation program will remain active and Whitehaven will continue to meet all environmental and statutory obligations in relation to the site.

The approximately 0.4 million tonnes per year (Mtpa) of ROM coal production lost from the suspension of mining at Sunnyside is planned to be offset by increasing production at Werris Creek mine, from the current planned rate of 2.0 Mtpa up to the approved rate of 2.5 Mtpa. This will be achieved by the introduction of a larger excavator and trucks at Werris Creek to boost overburden capacity. Werris Creek is Whitehaven's lowest cost mine and produces coal of a superior quality and value to Sunnyside.

"While Whitehaven is a relatively low-cost operator, we are not immune from the continuing falls in global coal prices," Whitehaven Managing Director Mr Tony Haggarty said.

"Our objective is always to keep our operations running safely, sustainably and profitably. While the majority of our operations are performing acceptably in the current climate, in the case of Sunnyside, it has become apparent that at current coal prices production it is not viable.

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“The Sunnyside mine produces a relatively high-ash coal which has become less attractive in the current environment, and the opportunities for blending this product with coal produced at our other sites have also diminished.

“Having said this, we have every intention of recommencing production at Sunnyside if and when the coal market improves to appropriate levels,” Mr Haggarty said.

“While Sunnyside is a fairly small element of our overall operations, the decision to suspend operations has not been taken lightly. This decision follows significant work to assess the options for the mine, including reducing the scale of the operation.”

Whitehaven currently employs more than 600 people, with more than 75% of this workforce living and working in north-west New South Wales.

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