

HD **UPDATE 2-Whitehaven Coal sees coal price upturn as loss narrows**

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* Expects mine closures worldwide to shore up **coal** prices

* Underlying net loss of A\$28.4 mln beats broker forecasts (Adds managing director comments, details)

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SYDNEY, Aug 27 (Reuters) - **Coal** prices may have hit bottom as a wave of mine closures ease a global supply glut, Australia's Whitehaven **Coal** Ltd said on Wednesday after reporting a second consecutive annual loss.

More than 20 **million** tonnes of annual metallurgical **coal** production has been closed over the past few months worldwide, Whitehaven Managing Director Paul Flynn said, while thermal **coal** output was also falling.

"With mine closures announced around the world, the outlook for prices should improve gradually over the rest of this year," Flynn told a briefing.

World trade in metallurgical **coal**, used in steel mills, is estimated at 300 **million** tonnes in 2014, according to Australia's official commodities forecaster, but prices have been mired at five-year lows due to global oversupply.

China's Datong **Coal** Mine Group said this week it would cut thermal **coal** production and sales by 10 **million** tonnes in the second half, following similar announcements by **China** National **Coal** Group and Shenhua Group last month.

Whitehaven reported a net loss of A\$28.4 **million** (\$26.5 **million**) before one-off items in fiscal 2014 from a A\$67.2 **million** loss the previous year, slightly ahead of market expectations.

But while others are shutting, Whitehaven is expanding after starting **mining** last week at its Maules Creek colliery in the **coal**-rich Gunnedah Basin of Australia.

At full output it will double the **company's** **coal** production and make it Australia's largest independent producer in a sector dominated by multi-nationals such as BHP Billiton, AngloAmerican, Glencore and Peabody **Energy**.

Flynn said Whitehaven was "very positive about the longer term outlook for **coal**".

Talks were also underway to potentially sell of up to 30 percent of its still undeveloped Vickery mine in Australia to parties that would also buy the mine's **coal**.

Separately, private **equity** group American Metals and **Coal** International and two of its principals, Hans Mende and Fritz Kundrun, bought an extra 6.2 percent **stake** in Whitehaven held by another **equity firm** First Reserve Corp, taking their combined interest to 14.8 percent.

Flynn said he "welcomed" the move as an endorsement of Whitehaven's growth potential.

Whitehaven stock closed down 1.3 percent at A\$1.89.5 against modest gains in the S&P/ASX200. (1 US dollar = 1.0734 Australian dollar) (Reporting by Jane Wardell, James Regan and Sonali Paul; Editing by Richard Pullin)

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CO whcmpl : Whitehaven Coal Limited

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