

12 September 2014

The Manager
Company Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Notice of 2014 Annual General Meeting

Attached is the Notice of Meeting and Proxy Form for the Whitehaven Coal Limited Annual General Meeting to be held at 10am on 28 October 2014 at The Mint, 10 Macquarie Street, Sydney.

The Notice of Meeting will be posted on Whitehaven's website: www.whitehavencoal.com.au.

Yours faithfully

Timothy Burt
Company Secretary

Notice of annual general meeting

Whitehaven Coal Limited ACN 124 425 396

Notice is given that the annual general meeting of Whitehaven Coal Limited (**Company**) will be held at:

Location	The Mint 10 Macquarie Street, Sydney NSW 2000
Date	Tuesday 28 th October 2014
Time	10.00am (Sydney time)

Ordinary business

Financial statements and reports

To receive and consider the Company's financial reports and the reports of the directors and the auditor for the financial year ended 30 June 2014.

Directors' remuneration report

To consider and, if in favour, to pass the following as an **advisory only** resolution:

- 1 *'That the remuneration report of the directors for the financial year ended 30 June 2014 be adopted.'*

Note: The vote on this resolution is advisory only and does not bind the directors or the Company.

Grant of rights to Managing Director under Equity Incentive Plan

To consider and, if in favour, to pass the following as an ordinary resolution:

- 2 *'That approval is given to grant rights to receive fully paid ordinary shares in the Company to the Company's Managing Director and Chief Executive Officer, Mr Paul Flynn, under the Whitehaven Equity Incentive Plan on the terms summarised in the explanatory memorandum.'*

Election of directors

To consider and, if in favour, to pass the following as ordinary resolutions:

- 3 *'That The Hon. Mark Vaile, being eligible, be elected as a director of the Company.'*
- 4 *'That Christine McLoughlin, being eligible, be elected as a director of the Company.'*

Note: Information about each candidate appears in the explanatory memorandum.

Dated 12 September 2014

By order of the board

Timothy Burt
Company secretary

Notes

- (a) The accompanying explanatory memorandum forms part of this notice and should be read in conjunction with it.
- (b) A shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (c) The proxy need not be a shareholder of the Company.
- (d) A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.
- (e) A shareholder may appoint a body corporate or an individual as its proxy. A body corporate appointed as a shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the shareholder's proxy. A Certificate of Appointment of Corporate Representative should be completed and lodged in the manner specified below.
- (f) If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form. A proxy may also be submitted by visiting the website www.investorvote.com.au. You will need your Security holder Reference Number (**SRN**) or Holder Identification Number (**HIN**) and control numbers as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.
- (g) If:
 - a poll is duly demanded at the meeting in relation to a proposed resolution; and
 - you have appointed a proxy (other than the Chairman of the meeting) and specified the way the proxy is to vote on the resolution; and
 - the proxy is either not recorded as attending the meeting or does not vote on the resolution,the Chairman of the meeting will, before voting on the resolution closes, be taken to have been appointed as your proxy for the purposes of voting on that resolution and must vote in accordance with your written direction.
- (h) The Company has determined under regulation 7.11.37 of the Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of shareholders as at 7.00pm (Sydney time) on Sunday 26 October 2014.
- (i) If you have any queries on how to cast your votes call Whitehaven's Company Secretary, Timothy Burt, on +612 8507 9700 or the Company's share registry, Computershare Investor Services Pty Limited, on 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia) during business hours.

Voting restrictions

Resolution 1

In accordance with section 250R(4) of the Corporations Act, the Company will disregard votes cast on Resolution 1 by a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member, unless the vote is cast:

- (a) as a proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- (b) by the chairman of the meeting as proxy for a person entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides, even if the resolution is connected with the remuneration of Key Management Personnel).

Resolution 2

The Company will disregard any vote cast on resolution 2 in any capacity by Mr Flynn or any of his associates or as proxy by a member of the Key Management Personnel or their Closely Related Party, unless the vote is cast:

- (a) as a proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- (b) by the chairman of the meeting as proxy for a person entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides, even if the resolution is connected with the remuneration of Key Management Personnel).

Important information concerning proxy votes on Resolutions 1 and 2

The Corporations Act places certain restrictions on the ability of Key Management Personnel (including the chairman of the meeting) and their Closely Related Parties to vote on Resolutions 1 and 2, including where they are voting as proxy for another shareholder.

To ensure that your votes are counted, you are encouraged to direct your proxy as to how to vote on Resolutions 1 and 2 by indicating your preference by completing any of the 'For', 'Against' or 'Abstain' box on the proxy form.

The chairman of the meeting intends to vote all undirected proxies in favour of Resolutions 1 and 2.

If you appoint the chairman of the meeting as your proxy but you do not direct the chairman how to vote in respect of Resolutions 1 and 2, you will be expressly authorising the chairman to **vote in favour of Resolutions 1 and 2** and the chairman will vote in this way, even though Resolutions 1 and 2 are connected with the remuneration of Key Management Personnel.

Corporate representatives

Any:

- corporate shareholder; or
- corporate proxy appointed by a shareholder,

which has appointed an individual to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry, Computershare Investor Services Pty Limited, in advance of the meeting or handed in at the meeting when registering as a corporate representative. A "Certificate of Appointment of Corporate Representative" form is available by contacting the Company's share registry, Computershare Investor Services Pty Limited, on 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia).

Explanatory memorandum

Whitehaven Coal Limited ACN 124 425 396

This explanatory memorandum has been prepared for the information of shareholders in connection with the resolutions to be considered by them at the annual general meeting to be held at The Mint, 10 Macquarie Street, Sydney on Tuesday 28 October 2014 at 10.00am (Sydney time).

The purpose of this explanatory memorandum is to provide shareholders with the information known to the Company that the board considers material to their decision on whether to approve the resolutions in the accompanying notice. This document is important and should be read in conjunction with the notice.

Ordinary business

Financial statements and reports

- 1 The Corporations Act requires that the report of the directors, the auditor's report and the financial report be laid before the annual general meeting.
- 2 Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's constitution requires a vote of shareholders at the annual general meeting on the financial statements and reports.
- 3 The auditor will be available at the meeting to answer questions from shareholders relevant to:
 - (a) the conduct of the audit;
 - (b) the preparation and content of the auditor's report;
 - (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (d) the independence of the auditor in relation to the conduct of the audit.
- 4 Shareholders may also address written questions to the Company's auditor Ernst & Young if the question is relevant to the content of the auditor's report, or the conduct of its audit of the annual financial report to be considered at the meeting.
- 5 Written questions for the auditor must be delivered by 5.00pm on Tuesday 21 October 2014. Please send any written questions for Ernst & Young to the address listed in the proxy form attached to this notice of meeting.

Directors' remuneration report

Resolution 1: Directors' remuneration report

- 6 The Corporations Act requires that the section of the directors' report dealing with the remuneration of the Key Management Personnel (**Remuneration Report**) be put to the vote of shareholders for adoption. The vote on this item is advisory only and will not bind the directors or the Company.
- 7 However, the board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

- 8 The Remuneration Report is in the annual report. It is also available on the Company's internet site (www.whitehavencoal.com.au). The report:
- (a) explains the board's policies in relation to the nature and level of remuneration paid to Key Management Personnel within the Whitehaven Coal Limited group;
 - (b) discusses the link between the board's policies and the Company's performance;
 - (c) sets out the remuneration details for each director and for each of the Key Management Personnel; and
 - (d) makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.
- 9 The chairman will give shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.
- 10 **The directors recommend you vote in favour of this resolution.**

Grant of rights to Managing Director under Equity Incentive Plan

Resolution 2: Grant of rights to Managing Director under Equity Incentive Plan Reason for approval

- 11 The Company is seeking approval for the proposed grant of performance rights to Mr Flynn pursuant to ASX Listing Rule 10.14, which requires shareholder approval for directors to acquire securities under an employee incentive scheme.

Proposed grant

- 12 In accordance with his employment agreement, resolution 2 seeks approval for the Company to grant Mr Flynn 712,329 rights as his long term incentive in 2014 (**LTI Rights**).
- 13 The number of LTI Rights to be granted to Mr Flynn was calculated by dividing \$1,040,000 (the value of Mr Flynn's LTI opportunity for the 2014 LTI award, being 80% of his annual fixed remuneration) by the volume weighted average price of ordinary shares in the Company over the 20 trading day period commencing 10 days prior to 30 June 2014, being \$1.46.
- 14 The terms and conditions attaching to the LTI Rights are explained below. Further details regarding Mr Flynn's remuneration package are set out in the Remuneration Report in the Company's FY2014 Annual Report.

Performance hurdles

- 15 Mr Flynn's 2014 LTI award will be subject to two performance hurdles:
- 60% of the award will be subject to a total shareholder return (**TSR**) performance hurdle, which compares the TSR performance of the Company with the TSR performance of a peer group of companies operating in the Australian resources sector (**TSR Rights**); and
 - 40% of the award will be subject to the Company achieving a defined costs per tonne target (**Costs Target Rights**).

TSR Rights

- 16 60% of Mr Flynn's award will be tested against a relative TSR performance hurdle (the **LTI Relative TSR Hurdle**). TSR is a method of calculating the return shareholders would earn if they held a notional number of shares over a period of time. In broad terms, TSR measures the

growth in the company's share price (modified to account for capital adjustments where appropriate) together with the value of dividends derived during the period, assuming that all those dividends are re-invested into new shares. The Remuneration Committee has the discretion to adjust the comparator group to take into account events including but not limited to takeovers, mergers or de-mergers that might occur during the performance period.

- 17 The TSR Rights will be divided into two equal tranches, which will be tested based on performance over periods of three and four years (respectively), with each performance period commencing on 1 July 2014.
- 18 For the purpose of calculating the growth in the company's share price as part of the TSR calculation for a performance period, the following opening and closing share prices will be used:
 - (a) the volume weighted average share price over the 20 trading day period commencing 10 trading days before 1 July 2014; and
 - (b) the volume weighted average share price over the corresponding 20 trading day period at the conclusion of the relevant performance period.
- 19 The peer group for the TSR performance hurdle comprises the following companies:

Alumina	Iluka Resources	Rio Tinto
Arrium	Independence Group	Santos
Aquila Resources	New Hope Group	Sims Metal Management
Beach Energy	Newcrest Mining	Sirius Resources
BHP Billiton	Oil Search	Western Areas
BlueScope Steel	Origin Energy	Whitehaven Coal
Caltex Australia	Oz Minerals	Woodside Petroleum
Fortescue Metals Group	PanAust	WorleyParsons

- 20 The percentage of the TSR Rights that vest, if any, will be determined by reference to the percentile ranking achieved by the Company over the relevant performance period compared to the other entities in the comparator group as follows:

<i>TSR percentile ranking</i>	<i>TSR Rights that vest (%)</i>
75th percentile or above	100%
Between 50th and 75th percentile	35% of the Rights will vest at the 50 th percentile. Additional vesting will then occur on a straight line basis up to the 75 th percentile
Equal to 50th percentile	35%

Below 50th percentile	Nil
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- 21 Testing will occur at the end of a performance period shortly after the Company's full year results for the preceding financial year are released, and the number of TSR Rights that vest (if any) will be determined. There is no re-testing for TSR Rights that do not vest.
- 22 All TSR Rights that do not vest following testing will lapse immediately.

Costs Target Rights

- 23 This year, in response to feedback from shareholders, the Remuneration Committee introduced a second performance hurdle to apply to the LTI award for grants this year. Accordingly, 40% of the LTI award will be subject to the Company achieving a defined 'whole of company' costs target (the **LTI Costs Hurdle**).
- 24 The Remuneration Committee has set the LTI Costs Hurdle having regard to the Company's budgeted cost forecasts and to the current coal industry cost curve as measured by Wood Mackenzie. The Board is satisfied that the LTI Costs Hurdle is challenging and rigorous and, if the target is achieved, it would mean that the Company had achieved top quartile performance based on current cost curves.
- 25 Testing will occur at the end of FY2017 based on the average costs achieved on a Company-wide basis over the 12 month period from 1 July 2016 to 30 June 2017. Full vesting will only occur if the Board is satisfied that performance meets or exceeds the Stretch Target as set out below. The Board may, where it is appropriate to do so, revise the targets below to take account of mergers, acquisitions and divestments or other exceptional circumstances.
- 26 Vesting will occur based on the following schedule:

<i>LTI Costs Hurdle achieved</i>	<i>Costs Target Rights that vest (%)</i>
Stretch	100%
Between Target and Stretch	Vesting will occur on a straight line basis
Target	35%
Below Target	Nil

- 27 Due to the commercially sensitive nature of this hurdle, the exact target will not be disclosed at this stage. However, retrospective disclosure of the outcomes against the target will be provided in the Remuneration Report for the year of vesting. Notably, the Company also sets annual short term cost hurdles in the Key Performance indicators for the STI. Measured outcomes against that hurdle are reported at the end of each financial year.
- 28 To the extent that the LTI Costs Hurdle is satisfied at the end of FY2017:
- 50% of the Costs Target Rights that vest will be immediately delivered in shares to Mr Flynn; and
 - the remaining 50% will continue on foot, subject to a further one year service condition. At the end of FY2018, these Rights will be delivered in shares to Mr Flynn.

- 29 Any Costs Target Rights that do not vest following testing at the end of FY2017 will lapse.
- 30 Notwithstanding the vesting schedule above, the Board intends only to reward performance that is consistent with shareholder expectations. Accordingly, the Board retains a discretion to lapse any or all Costs Target Rights if the Board considers that vesting would be inappropriate in light of the intent and purpose of the target.

Treatment of rights on cessation of employment

- 31 Subject to the Board's discretion to determine otherwise, all unvested LTI Rights will lapse where Mr Flynn's employment is terminated for cause.
- 32 Where Mr Flynn resigns or his employment is terminated by mutual agreement, unvested LTI Rights will remain on foot and subject to the original performance hurdles. However, the Board may determine to lapse any or all of the unvested LTI Rights and ordinarily, in the case of a resignation, would be expected to do so.
- 33 Where Mr Flynn's employment ends for any other reason, unvested LTI Rights will remain on foot and subject to the original performance hurdles, with a Board discretion to determine that some of LTI Rights (up to a pro rata portion based on how much of the relevant performance period remains) will lapse.

Change of control

- 34 If there is a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board has a discretion to determine that some or all of the LTI Rights will vest. If an actual change of control occurs before the Board has exercised this discretion, a pro rata portion of the LTI Rights equal to the portion of the performance period that has elapsed and tested against the performance hurdles up to the date of change of control will immediately vest. The Board retains a discretion to determine whether the remaining unvested LTI Rights will vest or lapse.

No dealing

- 35 Any dealing in respect of the LTI Rights is prohibited unless the Board determines otherwise or the dealing is required by law.

Timing of grant

- 36 If approved, the LTI Rights will be granted shortly following the Company's AGM (and, in any event, prior to 28 October 2015). If the grant of LTI Rights is not approved, the Board will need to consider how to provide an alternative LTI incentive and may, for example, decide that the remuneration will instead be delivered in cash equal to the aggregate face value of rights that would otherwise have been granted and subject to equivalent terms.

Additional information

- 37 The maximum number of securities that Mr Flynn may acquire under this approval is 712,329.
- 38 Each LTI Right represents a conditional entitlement to one ordinary fully paid share in the Company. There is no cost to Mr Flynn on the grant of the LTI Rights. The LTI Rights will not have an exercise price and accordingly do not raise capital. There are no loans associated with the grant of LTI Rights.
- 39 Since shareholder approval was last obtained, the only Director who has received securities under the Equity Incentive Plan is Mr Flynn, who received 590,909 Rights under the LTI in 2013.

- 40 The name of the Director and his associates entitled to participate in the Company's Equity Incentive Plan in 2014 is Mr Paul Flynn.
- 41 If shareholder approval is given for the issue of securities under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.
- 42 **The directors, with Mr Flynn abstaining, recommend you vote in favour of this resolution.**

Election of directors

- 43 Rule 16.1 of the Constitution provides that at every Annual General Meeting of the Company one third of the Directors (excluding the Managing Director) must retire from office. If the number of Directors is not a multiple of three, the number of Directors nearest to, but not less than, one third of the Directors must retire from office.
- 44 The election of each candidate must be considered and voted on as a separate resolution. Set out below are details of each resolution and of each candidate, together with the recommendation of the Board.

Resolution 3: Election of The Hon. Mark Vaile

- 45 Mark Vaile will retire by rotation in accordance with the provisions of the Constitution and, being eligible, presents himself for election.
- 46 As Deputy Prime Minister of Australia and Leader of the National Party from 2005 to 2007, Mark established an extensive network of contacts throughout Australia and East Asia. His focus at home was with regional Australia and particularly northern NSW. As one of Australia's longest serving Trade Ministers from 1999 through until 2006 Mark led negotiations which resulted in Free Trade Agreements being concluded with the United States of America, Singapore and Thailand as well as launching negotiations with China, Japan and ASEAN. Importantly early in his Ministerial career as the Minister for Transport and Regional Services, Mark was instrumental in the establishment of the ARTC which operates the Hunter Valley rail network.
- 47 Mark brings significant experience as a company director having been Chairman of Aston Resources Limited and CBD Energy Limited, and is currently an independent Director on the boards of Virgin Australia Limited and Servcorp Limited which are both listed on the ASX. Mark is also a Director of Stamford Land Corp which is listed on the Singapore Stock Exchange and a Director Trustee of HostPlus Superfund and Chairman of Palisade Regional Infrastructure Fund.
- 48 The Board has considered Mark's independence and has determined to treat him as an independent director.
- 49 Mark is a member of the following committees: Governance and Nomination Committee (Chairman), Audit and Risk Management Committee and Remuneration Committee.
- 50 **The directors, with Mr Vaile abstaining, recommend you vote in favour of this resolution.**

Resolution 4: Election of Christine McLoughlin

- 51 Christine McLoughlin will retire by rotation in accordance with the provisions of the Constitution and, being eligible, presents herself for election.
- 52 Christine has more than 25 years' experience in diverse and highly regulated sectors in Australia, UK and South East Asian markets. Christine has expertise in strategy, risk stakeholder engagement and human resources in industries including financial services, telecommunications,

health and nuclear science. Christine is currently a Director of nib Holdings Ltd and Chairman of the Australian Payments Council. She was formerly a Director of Westpac's insurance companies, the Australian Nuclear Science & Technology Organisation (ANSTO) and the Victorian Transport Accident Commission.

- 53 The Board has considered Christine's independence and has determined to treat her as an independent director.
- 54 Christine is a member of the following committees: Governance and Nomination Committee, Remuneration Committee (Chairman) and Health, Safety, Environment and Community Committee.
- 55 **The directors, with Ms McLoughlin abstaining, recommend you vote in favour of this resolution.**

Definitions

A number of capitalised terms are used throughout this notice of meeting and explanatory memorandum. Except to the extent the context otherwise requires:

Term	Definition
ASX	means ASX Limited ACN 008 624 691.
Closely Related Party	of a member of Key Management Personnel means: <ul style="list-style-type: none">a. a spouse or child of the member;b. a child of the member's spouse;c. a dependent of the member or of the member's spouse;d. anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;e. a company that the member controls; orf. a person described by the <i>Corporations Regulations 2001</i> (Cth).
Company	means Whitehaven Coal Limited ACN 124 459 396.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Key Management Personnel	means those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or not).