

22 September 2017

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

Dear Sir,

Notice of 2017 Annual General Meeting

Attached is the Notice of Meeting and Proxy Form for the Whitehaven Coal Limited Annual General Meeting to be held at 11:00am on 25 October 2017 at The Mint, 10 Macquarie Street, Sydney.

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

Yours sincerely

Timothy Burt
General Counsel & 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	Wednesday 25 th October 2017
Time	11.00am

Items of 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 2017.

Remuneration Report

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

- 1 *'That the Remuneration Report for the financial year ended 30 June 2017 be adopted'.*

Notes:

- The vote on this resolution is **advisory only** and does not bind the directors or the Company.
- A voting exclusion applies to this resolution.

Grant of long term incentive 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 237,285 rights and 786,349 options 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'.*

Note: A voting exclusion applies to this resolution.

Election of directors

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

- 3 *'That The Hon. Mark Vaile, who retires under rule 16.1 of the Constitution, be re-elected as a director of the Company'.*
- 4 *'That John Conde, who retires under rule 16.1 of the Constitution, be re-elected as a director of the Company'.*

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

Approval of capital return to shareholders

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

- 5 *'That approval is given for the Company to reduce its share capital by a total of approximately \$140 million by way of an equal capital reduction, to be effected by the Company paying to each entitled registered holder of fully paid ordinary shares in the Company (as at the record date of Monday, 13 November 2017) the amount of 14 cents for each fully paid ordinary share.'*

Approval of adjustment to performance rights issued under the Company's Equity Incentive Plan

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

- 6 *'That, subject to Resolution 5 being passed, for the purposes of ASX Listing Rule 6.23.3 and for all other purposes, approval is given for the Company to adjust the terms of all performance rights granted under the Whitehaven Equity Incentive Plan in the manner set out in the explanatory memorandum.'*

Note: A voting exclusion applies to this resolution.

Dated 21 September 2017

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, then complete and lodge the **attached** proxy form in one of the following ways:
 - By mail to:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia;
 - By fax to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
 - By visiting the website <http://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) Your proxy form must be received **no later than 11.00am (Sydney time) on Monday 23 October 2017**. Proxy forms received after this time will not be effective. If the proxy form is signed under a Power of Attorney, a certified copy of this document must also be received by this time.

- (h) 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.
- (i) 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 Monday 23 October 2017.
- (j) 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 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) during business hours.

Voting restrictions

Resolution 1

The Company will disregard votes cast on Resolution 1:

- (a) by or on behalf of a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member (regardless of the capacity in which the vote is cast); or
- (b) as a proxy by a member of the Company's Key Management Personnel at the date of the meeting or their Closely Related Party,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 1:

- (c) in accordance with a direction on the proxy form; or
- (d) by the Chairman of the meeting pursuant to an express authorisation in the proxy form to vote as the proxy decides, even though the resolution is connected with the remuneration of the Key Management Personnel.

Resolution 2

The Company will disregard votes cast on Resolution 2:

- (a) by or on behalf of Mr Flynn or any of his associates (regardless of the capacity in which the vote is cast); or
- (b) as proxy by a member of the Key Management Personnel at the date of the meeting or their Closely Related Party,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 2:

- (c) in accordance with a direction on the proxy form; or
- (d) by the Chairman of the meeting pursuant to an express authorisation in the proxy form to vote as the proxy decides, even though the resolution is connected with the remuneration of the Key Management Personnel.

Resolution 6

The Company will disregard votes cast on Resolution 6:

- (a) by a person who holds a performance right that is the subject of the approval or any of their associates,
- (b) as proxy by a member of the Key Management Personnel at the date of the meeting or their Closely Related Party,

unless the vote is cast as proxy for a person entitled to vote on Resolution 6:

- (c) in accordance with a direction on the proxy form; or
- (d) by the Chairman of the meeting pursuant to an express authorisation in the proxy form to vote as the proxy decides, even though the resolution is connected with the remuneration of the Key Management Personnel.

Important information concerning appointing Key Management Personnel as your proxy

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, 2 and 6, 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, 2 and 6 by indicating your preference by completing any of the 'For', 'Against' or 'Abstain' boxes on the proxy form.

If you appoint the Chairman of the meeting as your proxy or the Chairman of the meeting becomes your proxy by default but you do not direct the Chairman how to vote in respect of Resolutions 1, 2 and 6, then by completing and returning the proxy form, you will be expressly authorising the Chairman of the meeting to vote in respect of Resolutions 1, 2 and 6 as he or she decides, even though Resolutions 1, 2 and 6 are connected with the remuneration of Key Management Personnel.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolutions 1, 2 and 6.

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 850 505 (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 Wednesday 25 October 2017 at 11.00am.

The purpose of this explanatory memorandum is to provide shareholders with 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.

Financial statements and reports

- 1 The Corporations Act requires that the directors' report, the auditor's report and the financial report for the financial year ended 30 June 2017 be laid before the annual general meeting.
- 2 Apart from the matters involving remuneration which are required to be voted upon (see Resolution 1 below), neither the Corporations Act nor the Constitution requires a vote of shareholders at the annual general meeting on the financial report and the directors' and auditor's 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 received by 5.00pm on Wednesday 18 October 2017. Please send any written questions for Ernst & Young to the address listed in the proxy form attached to this notice of meeting.

Remuneration Report

Resolution 1: 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.
- 7 The vote on this item is advisory only and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

- 8 The Company's Remuneration Report for the financial year ended 30 June 2017 is set out in the 2017 Whitehaven Coal Annual Report, which is also available on the Company's internet site (www.whitehavencoal.com.au).
- 9 The Remuneration 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 non-executive director and for each of the executive Key Management Personnel; and
 - (d) makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executive Key Management Personnel, including the Managing Director.
- 10 The Chairman will give shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.
- 11 **The directors recommend you vote in favour of this resolution.**

Grant of long term incentive to Managing Director under Equity Incentive Plan

Resolution 2: Grant of long term incentive to Managing Director under Equity Incentive Plan

Reason for approval

- 12 The Company is seeking approval for the proposed grant of performance rights (**Rights**) and options (**Options**) to the Company's Managing Director, Mr Paul Flynn, pursuant to ASX Listing Rule 10.14, which requires shareholder approval for the Company to issue securities to a director under an employee incentive scheme.

Proposed grant

- 13 The Company proposes to grant Mr Flynn a long term incentive (**LTI**) for 2017 comprised of 237,285 Rights and 786,349 Options (**LTI Awards**). Vesting of these LTI Awards is subject to achieving the performance hurdles set out below.
- 14 The value of the LTI Awards to be granted to Mr Flynn is \$1,352,520 (representing 100% of his annual fixed remuneration for FY2018). The value of the LTI Awards as a percentage of Mr Flynn's annual fixed remuneration remains unchanged from his 2016 LTI award.
- 15 Mr Flynn's LTI Awards will be delivered half in Rights and half in Options (based on value).
- 16 LTI Awards delivered as Options will have an exercise price of \$2.85, being the volume weighted average price of ordinary shares in the Company over the 20 trading day period that commenced 10 trading days prior to 30 June 2017. Rights will not have an exercise price.
- 17 The number of LTI Awards to be granted as Rights (237,285) was calculated by dividing \$676,260 (50% of the total value of Mr Flynn's LTI Awards) by the volume weighted average price of ordinary shares in the Company over the 20 trading day period that commenced 10 trading days prior to 30 June 2017, being \$2.85.

- 18 The number of LTI Awards to be granted as Options (786,349) was calculated by dividing \$676,260 (50% of the total value of Mr Flynn's LTI Awards) by the fair value of an Option as determined by an independent third party using Black-Scholes methodology, being \$0.86. The fair value does not include any discount for vesting probability.
- 19 The 30 June reference date for the valuation of the Rights and Options is consistent with the date used for the valuation of prior year LTI awards.
- 20 Further details regarding Mr Flynn's remuneration package are set out in the Remuneration Report in the Company's 2017 Annual Report.

Performance hurdles

- 21 Mr Flynn's LTI Awards will vest and become exercisable subject to two performance hurdles:
- 50% of the LTI Awards will be subject to a relative 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 Awards**); and
 - 50% of the LTI Awards will be subject to the Company achieving a defined costs per tonne target (**Costs Target Awards**).
- 22 Each tranche of TSR Awards and Costs Target Awards will be delivered half in Rights and half in Options (based on value).

TSR Awards

- 23 TSR Awards will be tested against a relative TSR performance 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.
- 24 TSR Awards will be divided into two equal tranches, which will be tested based on performance over periods of three and four years (respectively), with both performance periods commencing on 1 July 2017.
- 25 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 that commenced 10 trading days prior to 30 June 2017, being \$2.85; and
 - (b) the volume weighted average share price over the corresponding 20 trading day period at the conclusion of the relevant performance period.

- 26 The peer group for the TSR performance hurdle comprises the following companies:

BHP Billiton	Evolution Mining	Mineral Resources Ltd
Fortescue Metals Group	Beach Energy	Saracen Mineral Holding Ltd
OZ Minerals	Woodside Petroleum	Sandfire Resources NL
South32	Iluka Resources	Syrah Resources Ltd
Worley Parsons	Newcrest Mining	Western Areas Ltd
New Hope Corp	Independence Group	Northern Star Resources
Rio Tinto	Santos	Oil Search

The Board 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.

- 27 The percentage of the TSR Awards that vest and become exercisable, if any, will be determined by reference to the TSR 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 Awards that vest (%)</i>
75th percentile or above	100%
Between 50th and 75th percentile	50% of the TSR Awards 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	50%
Below 50th percentile	Nil

- 28 Testing with respect to the relevant performance period will occur shortly after the Company's full year results for the preceding financial year are released, and the amount of TSR Awards that vest and become exercisable (if any) will be determined. There is no re-testing for TSR Awards that do not vest.
- 29 All TSR Awards that do not vest following testing will lapse immediately.

Costs Target Awards

- 30 Costs Target Awards will be subject to the Company achieving a defined 'whole of company' costs target (the **LTI Costs Hurdle**).

- 31 The Board has set the LTI Costs Hurdle having regard to the Company's budgeted cost forecasts and the current coal industry cost curve as measured by a recognised expert. The Board is satisfied that the LTI Costs Hurdle is challenging and rigorous and, if the Target is achieved, it would ensure the Company retains its competitive position when measured on the coal industry cost curve.
- 32 Testing will occur at the end of FY2020 based on the average costs achieved on a Company-wide basis over the 12 month period from 1 July 2019 to 30 June 2020. Full vesting will only occur if the Board is satisfied that performance meets or exceeds the Target. The Board may, where it is appropriate to do so, revise the hurdles below to take account of mergers, acquisitions and divestments or other exceptional circumstances.
- 33 Vesting will occur based on the following schedule:

<i>LTI Costs Hurdle achieved</i>	<i>Costs Target Awards that vest (%)</i>
Target	100%
Between Gateway and Target	50% of the Costs Target Awards will vest at the Gateway performance level. Additional vesting will then occur on a straight line basis up to the Target performance level
Gateway	50%
Below Gateway	Nil

- 34 Due to the commercially sensitive nature of this hurdle, the Gateway and Target performance levels will not be disclosed at this stage. However, retrospective disclosure of the outcomes against these performance levels will be provided in the Remuneration Report for the year of vesting. The Company also sets annual short term cost hurdles in the key performance indicators for the short term incentive. Measured outcomes against those hurdles are reported at the end of each financial year.
- 35 To the extent that the LTI Costs Hurdle is satisfied at the end of FY2020:
- 50% of the Costs Target Awards that vest will become exercisable immediately; and
 - the remaining 50% of the Costs Target Awards will continue on foot, subject to a further one year service condition. At the end of FY2021, these Awards will become exercisable.
- 36 Any Costs Target Awards that do not vest following testing will lapse.
- 37 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 Awards if the Board considers that vesting would be inappropriate in light of the intent and purpose of the LTI Costs Hurdle.

Last exercise date for vested LTI Awards

- 38 Vested Rights will have a last date for exercise that is up to 10 years following the grant date and vested Options will have a last date for exercise up to 5 years following the grant date (**Last Exercise Dates**). On these Last Exercise Dates, vested but unexercised Rights will be automatically exercised and vested but unexercised Options will lapse.

Treatment of Awards on cessation of employment

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

Dividend and voting entitlements

- 42 LTI Awards do not have any dividend or voting rights prior to vesting and exercise.
- 43 Upon exercise of vested LTI Awards, Mr Flynn will be entitled to receive a dividend equivalent payment in respect of the period between grant and exercise. The payment will be equal to the amount of any dividends that would have been payable between the grant date and the exercise date, if Mr Flynn had held ordinary fully paid shares in the Company over that period rather than LTI Awards.
- 44 Any dividend equivalent payment to Mr Flynn may be made in cash or provided as additional fully paid ordinary shares in the Company, as determined by the Board. Where the Board decides to provide the payment to Mr Flynn as shares in the Company, those shares will be acquired on-market pursuant to the terms of the LTI Awards and shareholder approval will not be required in accordance with ASX Listing Rule 10.15B.

Change of control

- 45 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 Awards will vest and become exercisable. If an actual change of control occurs before the Board has exercised this discretion, a pro rata portion of the LTI Awards 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 and become exercisable. The Board retains a discretion to determine whether the remaining unvested LTI Awards will vest and become exercisable or lapse.

No dealing

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

Timing of grant

- 47 If approved, the LTI Awards will be granted shortly following the Company's AGM (and, in any event, prior to 25 October 2018).

Additional information

- 48 The maximum number of securities that Mr Flynn may acquire under this approval is 237,285 Rights and 786,349 Options.

- 49 There is no cost to Mr Flynn on the grant of the LTI Awards, however, LTI Awards delivered as Options will have an exercise price of \$2.85. There are no loans associated with the grant of LTI Awards.
- 50 On vesting and exercise, each Right entitles Mr Flynn to receive one ordinary fully paid share in the Company. On vesting and exercise, each Option entitles Mr Flynn to receive one ordinary fully paid share in the Company on payment of the relevant exercise price.
- 51 Since shareholder approval was last obtained at the 2016 annual general meeting, the only director (or associate of a director) who has received LTI securities under the Company's Equity Incentive Plan is Mr Flynn, who received 558,893 Rights and 1,822,081 Options under his 2016 LTI award for nil consideration.
- 52 Mr Flynn is the only director (or associate of a director) entitled to participate in the Company's Equity Incentive Plan.
- 53 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.
- 54 **The directors, with Mr Flynn abstaining, recommend you vote in favour of this resolution.**

Election of directors

- 55 In accordance with Rule 16.1 of the Company's Constitution, 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. Mark Vaile and John Conde retire by rotation and offer themselves for re-election.
- 56 The Board has a majority of independent directors as recommended under the ASX Corporate Governance Principles and Recommendations.
- 57 Set out below are the biographical details of Mark Vaile and John Conde, together with the recommendation of the Board.

Resolution 3: Re-election of The Hon. Mark Vaile

- 58 Mark Vaile will retire by rotation in accordance with rule 16.1 of the Constitution and, being eligible, offers himself for re-election.
- 59 Mark has served as Chairman of the Board since joining the Company as an independent, non-executive director on 3 May 2012. Mark is a member of the following committees: Governance and Nomination Committee (Chairman), Audit and Risk Management Committee and Remuneration Committee.
- 60 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.

- 61 Mark brings significant experience as a company director, having been Chairman of Aston Resources 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, a Director Trustee of HostPlus Superfund, Chairman of Palisade Regional Infrastructure Fund and Independent Director and Chairman of SmartTrans Limited.
- 62 Mark has a relevant interest in 2,043,132 ordinary shares in the Company.
- 63 The Board has considered Mark's independence and has determined to treat him as an independent director.
- 64 **The directors, with Mr Vaile abstaining, recommend you vote in favour of this resolution.**

Resolution 4: Re-election of John Conde

- 65 John Conde will retire by rotation in accordance with rule 16.1 of the Constitution and, being eligible, offers himself for re-election.
- 66 John has served as an independent, non-executive director since 3 May 2007. He joined the Company as Chairman of the Board on 3 May 2007 and has served as Deputy Chairman since 3 May 2012. John is a member of the following committees: Audit and Risk Management Committee (Chairman), Governance and Nomination Committee and Remuneration Committee.
- 67 John has over 30 years of broad based commercial experience across a number of industries, including the energy sector, and was chairman of the company prior to the merger with Aston Resources. John is chairman of Bupa Australia and New Zealand, Cooper Energy Limited and The McGrath Foundation. He is also president of the Commonwealth Remuneration Tribunal and a non-executive director of the Dexu Property Group. He retired as chairman of the Sydney Symphony Orchestra in May 2015. He was previously chairman of Ausgrid (formerly Energy Australia) and Destination NSW. He was formerly chairman and managing director of Broadcast Investment Holdings, as well as a non-executive director of BHP Billiton Limited and Excel Coal Limited.
- 68 John has a relevant interest in 888,620 ordinary shares in the Company.
- 69 The Board has considered John's independence and has determined to treat him as an independent director.
- 70 **The directors, with Mr Conde abstaining, recommend you vote in favour of this resolution.**

Approval of capital return to shareholders

Resolution 5: Approval of Capital Return

- 71 As announced on 17 August 2017, the Company has proposed a 20 cent per share distribution to shareholders, comprising a:
- (i) 14 cent per share capital return (**Capital Return**); and
 - (ii) 6 cent per share unfranked dividend (**Unfranked Dividend**).

Capital Return

- 72 To effect the Capital Return, the Company proposes to reduce its share capital by a total of approximately \$140 million by returning to entitled shareholders the amount of 14 cents per ordinary share held on the record date. The record date for the Capital Return and Unfranked Dividend is Monday, 13 November 2017 (**Record Date**).
- 73 The Capital Return of 14 cents per ordinary share will be returned to relevant shareholders by way of an equal reduction of capital under Chapter 2J.1 of the Corporations Act. The funds that will be used to make the payments to relevant shareholders in respect of the Capital Return will be sourced from the Company's existing cash reserves and available debt facilities.

What are the reasons for the Capital Return?

- 74 The Board has undertaken a detailed review as to how it should manage the Company's capital position going forward. The decision to propose the Capital Return reflects that the Board considers that the Company has surplus capital at this point in time.
- 75 The Board has considered the potential negative consequences of carrying surplus capital. In particular, high levels of shareholders' funds result in a "return on equity" ratio which is lower than it would otherwise be, and can produce distorted impressions as to underlying profitability and financial performance.

What is the effect of the Capital Return on the Company?

- 76 *Effect on capital structure:* If the Capital Return is implemented, the Company's issued share capital will be reduced by approximately \$140 million, being 14 cents per fully paid ordinary share. As no shares will be cancelled in connection with the Capital Return, the Capital Return will not affect the number of shares held by each shareholder or the control of the Company. The Company will continue to have approximately 1,026,045,885 fully paid ordinary shares on issue.
- 77 It is proposed that the number of shares to be allocated on the vesting (and, where applicable, exercise) of performance rights issued under the Whitehaven Equity Incentive Plan will be adjusted as a result of the Capital Return - see Resolution 6 below.
- 78 *Impact on existing business and growth opportunities:* The Board considers that the Capital Return will not adversely affect the Company's capacity to fund or pursue existing business and growth opportunities.
- 79 *Share price impact:* If the Capital Return is implemented, Whitehaven shares are likely to trade at a lower share price than they would have done had the Capital Return not been implemented (reflecting that capital is being returned to shareholders). This is likely to occur from the 'ex' date, being the day that Whitehaven shares trade without an entitlement to participate in the Capital Return.
- 80 *Tax implications for the Company:* No adverse tax consequences are expected to arise for the Company as a result of the Capital Return.

What approvals are required?

- 81 The Capital Return will constitute an equal capital reduction for the purposes of the Corporations Act as:
- (a) it relates only to ordinary shares;

- (b) it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and
 - (c) the terms of the reduction will be the same for each holder of ordinary shares.
- 82 Section 256B(1) of the Corporations Act permits a company to reduce its share capital, including by returning capital in cash or in kind, if the reduction:
- (a) is fair and reasonable to the company's shareholders as a whole;
 - (b) does not materially prejudice the company's ability to pay its creditors; and
 - (c) is approved by shareholders under section 256C.

Resolution 5 seeks the approval of the shareholders as required under section 256C.

Is the Capital Return fair and reasonable to shareholders?

- 83 The Board considers that the Capital Return is fair and reasonable to the Company's shareholders as it will be available to all ordinary shareholders equally having regard to the number of ordinary shares in the Company held by each of them at the Record Date.
- 84 Shareholders who entered into restriction deeds at the time of the Company's merger with Aston Resources have waived their entitlement to receive any distributions from the Company in respect of shares held subject to the restriction deeds.

Is there any material prejudice to creditors?

- 85 The Directors have carefully reviewed the Company's assets, liabilities and expected cash flows, and believe that the Capital Return will not materially prejudice the Company's ability to pay its creditors. The Directors have also satisfied themselves as to the solvency of the Company following the implementation of the Capital Return.

Tax implications for shareholders

- 86 The information set out below is general in nature and should not be relied upon as advice.
- 87 Tax implications for entitled shareholders will depend on the circumstances of the particular shareholder. All shareholders should therefore seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders about the tax consequences of the Capital Return.
- 88 The Company is currently seeking an ATO Class Ruling to confirm the Company's understanding of the likely income tax consequences for entitled shareholders who are tax residents of Australia. It is expected that:
- (a) For shareholders who are tax residents of Australia and who hold their shares on capital account, there should be no immediate tax liability for most shareholders relating to the Capital Return (the tax cost base of shares is instead reduced, thereby deferring any tax payable by shareholders until they dispose of the shares unless no tax cost base exists, in which case the cash receipt will be assessable).
 - (b) Shareholders who are not tax residents of Australia should seek specific advice in relation to the tax consequences arising from the Capital Return under their own local laws.

- 89 The final version of the Class Ruling will be published on the ATO website and a notice included in the Gazette. The Company will make an announcement when the final Class Ruling is published and display the final Class Ruling on its website as soon as it becomes available.

Payment details and rounding

- 90 The amount payable in respect of each fully paid ordinary share in Whitehaven on issue on the Record Date will be 14 cents per fully paid ordinary share. Amounts payable to shareholders will be rounded up or down to the nearest cent, applying standard rounding techniques.
- 91 If the Capital Return is approved by shareholders, payment will be made to entitled shareholders according to payment elections provided to the Company's share registry, Computershare Investor Services Pty Limited.

Timetable for the Capital Return

- 92 Subject to shareholder approval, the proposed Capital Return is expected to take effect in accordance with the following timetable*:

Event	Date
Annual general meeting and Capital Return approval	11.00am (Sydney time) on Wednesday 25 October 2017
Trading on an 'ex return of capital' basis starts	Friday 10 November 2017
Record Date for determining entitlement to participate in Capital Return	7.00pm (Sydney time) Monday 13 November 2017
Implementation of the Capital Return	Tuesday 28 November 2017

*All dates and times are indicative only. The Company reserves the right to vary these dates and times.

Are there any reasons to vote against Resolution 5?

- 93 The Board believes that the Capital Return is in the Company's best interests for the reasons set out in this notice of meeting.
- 94 You may wish to vote against Resolution 5 for various reasons, for example if you believe that the Company should retain these surplus funds or use them in a different way.

Directors' interests

- 95 As at the date of the notice of meeting, the following directors of the Company have an interest in the Capital Return as they are shareholders of the Company:

Director	Interest
The Hon. Mark Vaile AO Chairman, Independent Non-Executive Director	Direct: Nil ordinary shares Indirect: 2,043,132 ordinary shares
John C Conde AO Deputy Chairman, Independent Non-Executive Director	Direct: Nil ordinary shares Indirect: 888,620 ordinary shares
Dr Julie Beeby Independent Non-Executive Director	Direct: 55,000 ordinary shares Indirect: Nil ordinary shares
Paul Flynn Managing Director and Chief Executive Officer	Direct: 857,599 ordinary shares, 142,466 vested performance rights, 1,896,206 unvested performance rights and 1,822,081 unvested performance options. Indirect: 383,792 ordinary shares
Tony Haggarty Independent Non-Executive Director	Direct: Nil ordinary shares Indirect: 10,000,000 ordinary shares
Christine McLoughlin Independent Non-Executive Director	Direct: Nil ordinary shares Indirect: 75,000 ordinary shares
Raymond Zage Non-Executive Director	Direct: Nil ordinary shares Indirect: Nil ordinary shares

Lodgement

- 96 In accordance with section 256C(5) of the Corporations Act, a copy of this notice of meeting has been lodged with the Australian Securities and Investments Commission.

No other material information

97 This explanatory memorandum provides shareholders with all information known to the Company which has not previously been disclosed to shareholders that is material to the decision whether or not to vote in favour of Resolution 5.

98 **The directors recommend you vote in favour of this resolution.**

Approval of adjustment to performance rights issued under the Company's Equity Incentive Plan ('Performance Rights Adjustment')

Resolution 6: Approval of Performance Rights Adjustment

99 The Company operates the Whitehaven Equity Incentive Plan under which it offers options to acquire shares (**options**) and rights to receive shares (**performance rights**) pursuant to its short, medium and long term incentive arrangements for executives (collectively, the **equity incentive plans**).

100 The equity incentive plans are designed to align the interests of executives and shareholders and to assist the Company in the attraction, motivation and retention of executives. The equity incentive plans provide executives with an incentive for future performance, thereby encouraging those executives to remain with the Company and contribute to the future performance of Whitehaven.

101 The way in which options are to be dealt with in the event of a capital return is mandated by the ASX Listing Rules. However, the treatment of performance rights in the event of a capital return is not clear under the ASX Listing Rules. This resolution seeks shareholder approval of the manner in which the Board intends to treat performance rights in connection with the Capital Return.

What is the proposed adjustment to the performance rights?

102 Holders of options and performance rights will not participate in the Capital Return. However, in accordance with the ASX Listing Rules, the exercise price of options will be reduced by an amount equal to the Capital Return. In the case of performance rights, which do not have an exercise price, the Board is proposing to adjust the number of shares allocated to holders on vesting (and, where applicable, exercise) of their performance rights to ensure that they are not disadvantaged by the Capital Return.

103 It is anticipated that up to 17,700,000 performance rights issued to participants in the Company's equity incentive plans will be affected. Each performance right will vest subject to performance and service conditions, as set out in the Company's Remuneration Report. On vesting (and, where applicable, exercise), each performance right entitles the relevant holder to receive one fully paid ordinary share in Whitehaven.

How will the Performance Rights Adjustment be calculated?

104 To compensate for the diminution in the value of the performance rights that have been issued but will not have vested or have been exercised before the 'ex' date of the Capital Return, it is proposed that the number of shares that will be allocated on the vesting (and, where applicable, exercise) of each performance right in the event that the Capital Return is implemented will be adjusted in accordance with the following formula:

$$AN = N \times \frac{SP}{(SP - CR)}$$

Where:

- AN = The adjusted number of shares to be allocated on vesting (and, where applicable, exercise) of a performance right
- N = The number of shares currently to be allocated on vesting (and, where applicable, exercise) of a performance right
- SP = The volume weighted average price (VWAP) of Whitehaven ordinary shares in the 5 trading days up to, but excluding, the ex-date for participation in the Capital Return
- CR = The cash amount per fully paid ordinary share returned to shareholders under the Capital Return

- 105 The intention of this Performance Rights Adjustment is for the value of the performance rights to be the same before and after the implementation of the Capital Return. That is, the Performance Right Adjustment is intended to ensure that holders of performance rights are not disadvantaged by the Capital Return.
- 106 The Performance Rights Adjustment will not apply to performance rights which are issued under the equity incentive plans on or after the 'ex' date for the Capital Return.
- 107 No shares will be allocated in respect of, and no additional shares will be allocated as a result of the Performance Rights Adjustment to, any performance rights that do not vest (for example, because the performance hurdles are not met).

ASX waiver

- 108 ASX has granted Whitehaven a waiver from Listing Rule 6.23.3 to the extent necessary to permit the proposed Performance Rights Adjustment on the conditions that:
- (a) full details of the adjustment formula to be applied to the performance rights is clearly set out to the ASX's satisfaction in this notice of meeting; and
 - (b) shareholders approve the adjustment to the performance rights.

Directors' interests

- 109 Mr Paul Flynn is the only director of the Company who has been issued performance rights under the equity incentive plans. As set out in the table above, Mr Flynn currently holds 1,896,206 performance rights which have not yet vested and 142,466 vested performance rights which have vested but are subject to a service condition until August 2018. If Resolution 2 is approved by shareholders, Mr Flynn will hold an additional 237,285 unvested performance rights.
- 110 If Resolution 6 is approved by shareholders, Mr Flynn's performance rights will be adjusted in the same way as the performance rights held by other holders of performance rights (that is, there will be an adjustment so that Mr Flynn is entitled to additional shares on the vesting of his performance rights to reflect the value of the Capital Return).
- 111 **The directors, with Mr Flynn 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 or the Australian Securities Exchange (as the context requires).
Closely Related Party	of a member of Key Management Personnel means: - a spouse or child of the member; - a child of the member's spouse; - a dependent of the member or of the member's spouse; - 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; - a company that the member controls; or - 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).

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

WHC

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 11:00am (Sydney Time) on Monday 23 October 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Appointing the Chairman of the Meeting as proxy: If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you leave Step 1 blank, or your named proxy does not attend the Meeting or does not vote on a poll in accordance with your instructions, the Chairman of the Meeting will be your proxy.

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

Voting restrictions for members of the key management personnel (KMP): Please note that if you appoint a member of the KMP or one of their closely related parties as your proxy, they will not be able to vote your proxy on Resolutions 1, 2 or 6, unless you direct them how to vote by marking a voting box in Step 2 or you appoint the Chairman of the Meeting as your proxy. If the Chairman of the Meeting is or becomes your proxy by default, but you do not mark a voting box for Resolutions 1, 2 or 6, then by completing and returning the Proxy Form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy on the relevant resolution as he thinks fit, even though the resolution is connected with the remuneration of the Company's KMP.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Whitehaven Coal Limited hereby appoint

☐ the Chairman of the Meeting

 OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Whitehaven Coal Limited (Company) to be held at The Mint, 10 Macquarie Street, Sydney NSW 2000 on Wednesday, 25 October 2017 at 11:00am (Sydney Time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), by completing and submitting this Proxy Form, I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 2 and 6 (except where I/we have indicated a different voting intention below) even though Items 1, 2 and 6 are connected directly or indirectly with the remuneration of a member of the Company's key management personnel.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 2 and 6 by marking the appropriate box in step 2 below.

STEP 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Remuneration Report	☐	☐	☐
2 Grant of long term incentive to Managing Director under Equity Incentive Plan	☐	☐	☐
3 Re-election of Mark Vaile as a director of the Company	☐	☐	☐
4 Re-election of John Conde as a director of the Company	☐	☐	☐
5 Approval of capital return to shareholders	☐	☐	☐
6 Approval of adjustment to performance rights issued under the Company's Equity Incentive Plan	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /