



## WHITEHAVEN COAL LIMITED

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## Whitehaven enters Agreement to sell 7.5% of Narrabri Joint Venture Project to Korean Consortium

Whitehaven Coal Limited (**ASX:WHC**) today announced it has entered into a Heads of Agreement to sell a 7.5% interest in its Narrabri Joint Venture Project to a Korean Consortium for A\$125 million plus 7.5% of all costs incurred since 1 January 2008 (estimated to be in excess of A\$11 million). In addition, the consortium will contribute 7.5% of the project's future costs.

The Korean consortium comprises Daewoo International Corporation (Daewoo) and Korea Resources Corporation (Kores). Daewoo is a major manufacturing, investment and trading conglomerate and is one of Korea's largest companies. Kores is a Korean government corporation which invests in natural resources.

The A\$125 million purchase price will be paid in three tranches:

- A\$32.5 million upon completion of the sale;
- A\$30.0 million by 15 November 2009; and
- A\$62.5 million by December 2010 (subject to Narrabri Stage Two approval).

As part of the transaction, Whitehaven has agreed to sell to Daewoo up to 1.5 mtpa of Korean specification coal. This annual tonnage is benchmarked to 25% of Narrabri's annual production over the life of the mine and can be supplied by Whitehaven from any source. The price of coal sold to Daewoo will be based upon the published NEWC globalCOAL Index with appropriate adjustments for calorific value.

The transaction is subject to the approval of the Whitehaven, Daewoo and Kores Boards, and the obtaining of relevant Australian and Korean regulatory approvals.

Commenting on the sale, Whitehaven Managing Director Tony Haggarty said: "We welcome Daewoo and Kores as partners in the Narrabri Project. Their presence in the Joint Venture will help mitigate market and counterparty risks and also provide significant strategic benefits to the company over the long term."

### About the Narrabri Project

Whitehaven's Narrabri Project is situated 28km south of Narrabri in north west New South Wales. The project is operated through a joint venture, with the current joint venture participants being Whitehaven (77.5%), Electric Power Development Co. Ltd (7.5%), EDF Trading (7.5%) and Upper Horn Investments Limited (7.5%).

Construction commenced on Stage One of the project in January 2008, with production expected to commence in late 2009.

Initial production using continuous miners will be 0.7 million tonnes per year. A rail loop and associated coal handling & processing equipment has been constructed to facilitate the transport of coal from the project site to Newcastle for export.

Stage Two plans for the project include the production of an additional 5.3 million tonnes per year from longwall mining. An Environmental Assessment is currently being carried out for the longwall phase.

The project will produce a low ash, high energy, low sulphur thermal coal for the export market.

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