

January 13, 2009

ASX Announcement

Mineralogy commences compulsory acquisition process for Waratah common shares

Please find attached a press release by Mineralogy and documents issued and sent by Mineralogy to Waratah CDI holders today in relation to the compulsory acquisition process for Waratah common shares.

For more information:

Professor Clive Palmer

T: +61 4090 44489

E-mail: mineralogy@mineralogy.com.au

Website: www.waratahcoal.com





MINERALOGY PTY LTD.

MINERALOGY ANNOUNCES COMMENCEMENT OF COMPULSORY ACQUISITION

Brisbane, Australia (January 12, 2009) – Mineralogy Pty Ltd. (“**Mineralogy**”) announced today that Mineralogy Canada Acquisition Corp. (“**Mineralogy Canada**”), a direct wholly-owned subsidiary of Mineralogy, has mailed a notice of compulsory acquisition to all remaining holders of the common shares of Waratah Coal Inc. (the “**Waratah Shares**”).

Following the January 5, 2009 expiration of Mineralogy Canada’s offer to acquire all of the issued and outstanding Waratah Shares for Cdn\$1.60 per Waratah Share (the “**Offer**”), Mineralogy Canada owns approximately 92.8% of the issued and outstanding Waratah Shares.

Since the Offer was accepted by holders of more than 90% of the Waratah Shares, other than Waratah Shares held as of the date of the original Offer by Mineralogy, Mineralogy Canada and their affiliates, Mineralogy Canada is now exercising its right under the compulsory acquisition provisions of the *Business Corporations Act* (British Columbia) to acquire all outstanding Waratah Shares not already owned by Mineralogy Canada at the same price of Cdn\$1.60 per Waratah Share. Further details are provided in Mineralogy Canada’s Notice of Compulsory Acquisition available at www.sedar.com.

About Mineralogy

Mineralogy is a privately-held Australian resource company controlled by Professor Clive Palmer that is engaged in the exploration for and development of mineral resources. Mineralogy has extensive experience in implementing large-scale resource development projects in Australia. For more information about Mineralogy, visit the company’s website at www.mineralogy.com.au.

For further information, please contact Professor Clive Palmer at +61 4 0904 4489 or send inquires to mineralogy@mineralogy.com.au.

Forward Looking Information

This news release may contain forward looking statements, being statements which are not historical facts, including, without limitation, statements regarding the compulsory acquisition of Waratah Shares by Mineralogy and discussion of future plans and objectives. There can be no assurance that such statements will prove accurate. Such statements are necessarily based on a number of estimates and assumptions that are subject to numerous risks and uncertainties that could cause actual results and future events to differ materially from those anticipated or projected. Mineralogy and Waratah Coal Inc. disclaim any intention or obligations to revise or update such statements.



13 January 2009

Mineralogy takeover offer for Waratah Coal

Notice to CDI holders in relation to compulsory acquisition of Waratah Coal common shares

Mineralogy Canada Acquisition Corp. (**Mineralogy**) made an offer to purchase all of the issued and outstanding common shares (**Shares**) of Waratah Coal Inc. (**Waratah**), including those Shares that are held through CDIs but excluding Shares owned by Mineralogy, Mineralogy Pty. Ltd. and their affiliates, at a price of CAD\$1.60 per Share in cash, pursuant to an offer and circular dated 3 October 2008 as amended and supplemented by notices of extension and variation dated 24 October 2008, 24 November 2008 and 4 December 2008 and by a notice of extension dated 17 December 2008 (collectively, the **Offer**).

As of 5 January 2009, the Offer had been accepted by holders of Shares who, in the aggregate, held at least 90% of the outstanding Shares, other than Shares held as at 3 October 2008 by Mineralogy, Mineralogy Pty. Ltd. and their affiliates.

Pursuant to section 300 of the Business Corporations Act (British Columbia), Mineralogy has sent all holders of Shares a notice of compulsory acquisition of their Shares, including those Shares that are held by CHESSE Depository Nominees Pty Limited (**CDI Nominee**) on behalf of Waratah CDI holders. A copy of this notice of compulsory acquisition is enclosed.

Waratah CDIs to be suspended from ASX

As a result of Mineralogy commencing compulsory acquisition proceedings for the Shares, ASX will suspend quotation of Waratah CDIs in accordance with ASX Listing Rule 17.4. Waratah intends to apply for a waiver of this rule to the extent necessary to permit quotation to continue until the completion of the compulsory acquisition procedure on or about 13 March 2009. However, if ASX declines to grant this waiver, it is expected that the last date that Waratah CDIs will be quoted on ASX will be Monday, 19 January 2009. Waratah will make an announcement to ASX if a waiver from ASX Listing Rule 17.4 is granted.

What to do to ensure that you receive payment of CAD\$1.60 directly for each of your Waratah CDIs

As a holder of Waratah CDIs, you have the beneficial ownership of the Shares that you hold through CDIs but the CDI Nominee holds the legal title to those Shares on your behalf. Unless the British Columbia Supreme Court orders otherwise, Mineralogy is entitled and bound to acquire the Shares you hold through CDIs for CAD\$1.60 per Share.

If you validly authorise the CDI Nominee to complete the letter of transmittal accepting the compulsory acquisition of the Shares you hold through CDIs by Mineralogy, then, unless the British Columbia Supreme Court orders otherwise, those Shares will be transferred to Mineralogy on or about 13 March 2009, your CDIs will be cancelled, and the payment to which you are entitled will be sent to you by mail promptly on or after 18 March 2009.

The procedure for authorising the CDI Nominee to complete the letter of transmittal accepting the compulsory acquisition of the Shares you hold through CDIs differs depending on whether you hold your CDIs through an Issuer Sponsored Holding or a CHESSE Holding. If you hold your CDIs through:

- (a) an Issuer Sponsored Holding, you must complete and sign the CDI Authorisation Form provided with this letter and return it to the address noted on the form (you may use the enclosed reply paid envelope for this purpose); or
- (b) a CHESSE Holding, you can contact your Controlling Participant (stockbroker) and instruct them to authorise the CDI Nominee to complete the letter of transmittal on your behalf, or you can complete and return the CDI Authorisation Form in the same way as detailed in (a) above and Mineralogy will seek to convey your instruction to your Controlling Participant on your behalf.

In both cases, your acceptance must be received by 7pm Sydney time, Monday, 9 March 2009.

You can find out whether your Waratah CDIs are held in an Issuer Sponsored Holding or a CHESSE Holding by checking the 'Securityholders details' box on the CDI Authorisation Form.

If you do not authorise the CDI Nominee in the above manner, then, unless the British Columbia Supreme Court orders otherwise, the Shares you hold through your CDIs will be transferred to Mineralogy on or about 13 March 2009, your CDIs will be cancelled and the payment to which you are entitled will be paid to Waratah to be held in a separate account in trust for your benefit at a savings institution. You will then need to contact Waratah in order to make arrangements to claim this payment.

If you have any questions regarding the compulsory acquisition or would like additional copies of the CDI Authorisation Form, please contact Waratah's company secretary on +61 7 3832 2044.

You do not need to complete the letter of acceptance and transmittal enclosed with the notice of compulsory acquisition. The CDI Nominee will do this for you provided that you instruct it to do so in accordance with the above instructions.

This document is important and requires your immediate attention. If you have any questions as to how to deal with this document, you should consult your investment dealer, stockbroker, accountant, lawyer or other professional advisor. The Offer (as defined herein) has not been approved or disapproved by any securities commission or similar authority nor has any securities commission or similar authority passed upon the fairness or merits of the Offer or the accuracy or adequacy of the information contained in this document and any representation to the contrary is an offense.

January 12, 2009



NOTICE OF COMPULSORY ACQUISITION

pursuant to section 300 of the *Business Corporations Act* (British Columbia) in connection with the

**OFFER BY MINERALOGY CANADA ACQUISITION CORP.
TO PURCHASE ALL OF THE COMMON SHARES OF
WARATAH COAL INC.
at a price of \$1.60 per common share in cash**

TO: THE HOLDERS OF COMMON SHARES OF WARATAH COAL INC.

WHEREAS:

- A. Mineralogy Canada Acquisition Corp. (the “**Purchaser**”), a wholly-owned subsidiary of Mineralogy Pty Ltd. (“**Mineralogy**”), made an offer to purchase all of the issued and outstanding common shares (the “**Shares**”) of Waratah Coal Inc. (“**Waratah**”), other than Shares owned by the Purchaser, Mineralogy and their affiliates, at a price of \$1.60 per Share in cash, pursuant to an offer and circular dated October 3, 2008 (the “**Original Offer**”), as amended and supplemented by notices of extension and variation dated October 24, 2008, November 24, 2008 and December 4, 2008 and by a notice of extension dated December 17, 2008 (collectively, the “**Varied Offer**”).
- B. As of January 5, 2009, being a date within four months of the date on which the Original Offer was made, the Varied Offer had been accepted by shareholders who, in the aggregate, held at least 9/10 of the outstanding Shares, other than Shares held as of the date of the Original Offer by the Purchaser, Mineralogy and their affiliates.
- C. This notice of compulsory acquisition (the “**Notice**”) is being sent within five months of the date on which the Original Offer was made.

NOW THEREFORE, YOU ARE HEREBY NOTIFIED:

- 1. Pursuant to Section 300(3) of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), that the undersigned wants to acquire all of the Shares registered in your name which were not tendered to the Varied Offer (the “**Compulsory Acquisition**”).

2. Pursuant to Sections 300(4), (6), (7) and (8) of the BCBCA, that unless you make an application, within two months after the date of this Notice, to the British Columbia Supreme Court and such court orders otherwise:
 - (a) the Purchaser will be entitled and bound to acquire your Shares on the terms and conditions contained in the Varied Offer; and
 - (b) the Purchaser intends, without further notice to you, to:
 - (i) provide a copy of this Notice to Waratah and pay the purchase price for your Shares (being \$1.60 for each Share) to Waratah to be held in a separate account in trust for your benefit at a savings institution; and
 - (ii) cause Waratah to register the Purchaser as the shareholder of your Shares.

Currency of Payment

The cash payable under the Compulsory Acquisition will be denominated in Canadian dollars.

Letter of Transmittal

Enclosed with this Notice is a letter of transmittal (the “**Letter of Transmittal**”) that may be completed and returned to Computershare Investor Services Inc. (the “**Depository**”) at one of the addresses set forth on the last page of this Notice and on the last page of the Letter of Transmittal, so as to be received by the Depository by no later than 5:00 p.m. (Toronto time) on March 13, 2009. If you have not delivered the Letter of Transmittal (or a manually executed facsimile hereof), properly completed and duly executed in accordance with the instructions set out in the Letter of Transmittal, together with all other required documents and the certificates representing your Shares, to the Depository by 5:00 p.m. (Toronto time) on March 13, 2009, then, without further notice to you, the Purchaser intends to pay the purchase price for your Shares (being \$1.60 for each Share) to Waratah to be held in a separate account in trust for your benefit at a savings institution and cause Waratah to register the Purchaser as the shareholder of your Shares.

Unless the Supreme Court of British Columbia orders otherwise, on or about March 13, 2009, the Purchaser intends to deliver a copy of this Notice to Waratah and pay or transfer to Waratah the amount representing the price payable by the Purchaser for the Shares it is entitled to acquire pursuant to the Compulsory Acquisition, and you will be deemed to have ceased to be a shareholder upon Waratah’s receipt of this Notice and the price payable by the Purchaser under the Compulsory Acquisition.

To facilitate delivery of the consideration to you in payment of the Shares to be acquired by the Purchaser under the Compulsory Acquisition, the Purchaser hereby requests that you send all certificates representing your Shares to the Depository, as agent for the Purchaser, at the addresses set forth on the last page of this Notice and on the last page of the Letter of Transmittal as soon as possible and by no later than 5:00 p.m. (Toronto time) March 13, 2009.

The method that you use to deliver certificates representing your Shares to the Depository is at your option and risk. If certificates for Shares are to be sent by mail, registered mail with return receipt requested, properly insured, is recommended, and it is suggested that the mailing be made sufficiently in advance of March 13, 2009 to permit delivery to the Depository at or prior to 5:00 p.m. (Toronto time) on such date. Delivery will only be effective upon actual receipt by the Depository.

If a certificate representing Shares has been lost, destroyed, mutilated or mislaid, please contact the Depository, and it will provide information regarding replacement. When contacting the Depository, please ensure that you provide your telephone number so that the Depository may contact you.

If you complete and deliver to the Depository the Letter of Transmittal (or a manually executed facsimile hereof), properly completed and duly executed in accordance with the instructions set out in the Letter of Transmittal, together with all other required documents and the certificates representing your Shares, on or before 5:00 p.m. (Toronto time) on March 13, 2009, the payment to which you are entitled will be sent to you by mail promptly by or after March 18, 2009.

The foregoing is a summary only of the Compulsory Acquisition and is qualified in its entirety by the provisions of section 300 of the BCBCA. Section 300 of the BCBCA is complex and may require strict adherence to notice and timing provisions, failing which your rights may be lost or altered. If you wish to be better informed about the provisions of section 300 of the BCBCA, you should consult your legal advisors.

You may obtain a free copy of the offer and circular dated October 3, 2008, the notices of extension and variation dated October 24, 2008, November 24, 2008 and December 4, 2008, and the notice of extension dated December 17, 2008 from the Depository at its telephone numbers and addresses set forth on the last page of this Notice. Copies of such documents may also be found free of charge at www.sedar.com.

Questions and requests for assistance may be directed to the Depository at its telephone numbers and addresses set forth on the last page of this Notice.

Yours very truly,

MINERALOGY CANADA ACQUISITION CORP.

(signed) "CLIVE PALMER"
Chief Executive Officer

The Depositary is:



COMPUTERSHARE INVESTOR SERVICES INC.

By Mail

P.O. Box 7021
31 Adelaide Street East
Toronto, Ontario
M5C 3H2
Attention: Corporate Actions

By Registered Mail, Hand or Courier

100 University Avenue
9th Floor
Toronto, Ontario
M5J 2Y1
Attention: Corporate Actions
Toll-Free (North America): 1-800-564-6253
Overseas: 1-514-982-7555
Facsimile: 1-905-771-4082
E-mail: corporateactions@computershare.com

Any questions regarding this Notice and requests for assistance in depositing Shares or for additional copies of this Notice or the Letter of Transmittal may be directed by shareholders to the Depositary at its telephone numbers and addresses set out above. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance.

The Instructions accompanying this Letter of Transmittal should be read carefully before completing this Letter of Transmittal. This Letter of Transmittal is for use in connection with the Compulsory Acquisition (as defined below).

LETTER OF TRANSMITTAL

for deposit of common shares of

WARATAH COAL INC.

pursuant to the Notice of Compulsory Acquisition dated January 12, 2009 by

MINERALOGY CANADA ACQUISITION CORP.,

a direct wholly-owned subsidiary of

MINERALOGY PTY LTD.

USE THIS LETTER OF TRANSMITTAL TO DEPOSIT A SHARE CERTIFICATE

Mineralogy Canada Acquisition Corp. (the “**Purchaser**”), a direct wholly-owned subsidiary of Mineralogy Pty Ltd. (“**Mineralogy**”), made an offer to purchase all of the issued and outstanding common shares (the “**Shares**”) of Waratah Coal Inc. (“**Waratah**”), other than Shares owned by the Purchaser, Mineralogy and their affiliates, at a price of \$1.60 per Share in cash, pursuant to an offer and circular dated October 3, 2008, as amended and supplemented by notices of extension and variation dated October 24, 2008, November 24, 2008 and December 4, 2008 and by a notice of extension dated December 17, 2008 (collectively, the “**Offer**”). The Offer expired at 5:00 p.m. (Vancouver time) on January 5, 2009 (the “**Expiry Time**”).

Capitalized terms used but not defined in this Letter of Transmittal have the meanings ascribed to them in the offer and circular dated October 3, 2008, as amended and supplemented by notices of extension and variation dated October 24, 2008, November 24, 2008 and December 4, 2008 and by a notice of extension dated December 17, 2008, copies of which are available at www.sedar.com.

Pursuant to the Notice of Compulsory Acquisition dated January 12, 2009 (the “**Notice of Compulsory Acquisition**”), the Purchaser exercised its right under section 300 of the *Business Corporations Act* (British Columbia) to acquire (the “**Compulsory Acquisition**”) all of the Shares that the Purchaser did not acquire under the Offer. Under the Compulsory Acquisition, the Purchaser is entitled and bound to acquire every Share that it did not acquire under the Offer, for the same price and on the same terms set forth in the Offer, unless an order of the Supreme Court of British Columbia directs otherwise.

This Letter of Transmittal is designed to facilitate delivery of the Shares and the consideration payable for the Shares to be acquired pursuant to the Compulsory Acquisition.

Computershare Investor Services Inc. (the “**Depositary**”) (see last page of this Letter of Transmittal for addresses and telephone numbers) or your broker or other financial advisor can assist you in completing this Letter of Transmittal. A Shareholder whose Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominees should immediately contact such nominee in order to take the necessary steps to be able to deposit such Shares to the Compulsory Acquisition.

This Letter of Transmittal (or a manually executed facsimile hereof), properly completed and duly executed in accordance with the instructions set out below, together with all other required documents, must accompany share certificates representing the Shares deposited pursuant to the Compulsory Acquisition and must be received by the Depositary at one of the offices specified on the last page of this Letter of Transmittal. If such documents are received by the Depositary at or prior to 5:00 p.m. (Toronto time) on March 13, 2009, a cheque representing payment for the Shares deposited will be sent to the holders thereof (the “Shareholders”) by mail promptly by or after March 18, 2009. If such documents are not received by the Depositary by 5:00 p.m. (Toronto time) on March 13, 2009, then, without further notice to you, the Purchaser intends to pay the purchase price for your Shares (being \$1.60 for each Share) to Waratah to be held in a separate account in trust for your benefit at a savings institution and cause Waratah to register the Purchaser as the shareholder of your Shares.

Delivery of this Letter of Transmittal to an address other than one set forth on the last page of this Letter of Transmittal will not constitute a valid delivery to the Depositary. You must sign this Letter of Transmittal in the

appropriate space provided below, and if you are a U.S. Shareholder, see Instruction 6 of this Letter of Transmittal, “U.S. Holders”.

This Letter of Transmittal does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Compulsory Acquisition is not being made or directed to, nor will deposits of Shares be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Compulsory Acquisition would not be in compliance with the laws of such jurisdiction.

Please read carefully the Instructions set forth below before completing this Letter of Transmittal.

TO: MINERALOGY CANADA ACQUISITION CORP.
AND TO: COMPUTERSHARE INVESTOR SERVICES INC, as Depositary at its offices set out herein.

The undersigned delivers to you the enclosed certificate(s) for Shares and irrevocably submits such Shares pursuant to the Compulsory Acquisition. The following are the details of the enclosed certificate(s):

WARATAH COAL INC. COMMON SHARES			
(Please print or type. If space is insufficient, please attach a list to this Letter of Transmittal in the below form.)			
Certificate Number(s) (if available)	Name(s) in which Registered (please print or type and fill in exactly as name(s) appear(s) on certificate)	Number of Shares Represented by Certificate	Number of Shares Deposited
TOTAL:			

The undersigned acknowledges receipt of the Notice of Compulsory Acquisition and acknowledges that the Purchaser is entitled and bound, subject to any order of the Supreme Court of British Columbia directing otherwise, to acquire the Shares to be delivered (the “**Deposited Shares**”) in accordance with the terms and subject to the conditions of the Compulsory Acquisition and the following:

IN CONSIDERATION OF THE COMPULSORY ACQUISITION AND FOR VALUE RECEIVED, upon the terms and subject to the conditions set forth in the Notice of Compulsory Acquisition and in this Letter of Transmittal, the undersigned irrevocably accepts the Compulsory Acquisition for and in respect of the Deposited Shares and delivers to you the enclosed certificate(s) representing the Deposited Shares and, on and subject to the terms and conditions of the Compulsory Acquisition, the undersigned hereby deposits, sells, assigns and transfers to, or upon the order of, the Purchaser the right, title and interest of the undersigned in and to the Deposited Shares together with all rights and benefits arising therefrom, including the right to any and all dividends, distributions, payments, securities, property or other interests which may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Shares or any of them on and after the date of the Compulsory Acquisition, including any dividends, distributions or payments on such dividends, distributions, payments, securities, property or other interests (the “**Distributions**”), as well as the right of the undersigned to receive any and all Distributions. Shareholders will receive \$1.60 in cash for each Deposited Share acquired by the Purchaser pursuant to the Compulsory Acquisition.

With respect to the Deposited Shares covered by this Letter of Transmittal, the undersigned represents and warrants that: (a) the person signing this Letter of Transmittal owns the Deposited Shares and has full power and authority to deposit, sell, assign and transfer the Deposited Shares and any Distributions deposited pursuant to the Compulsory Acquisition, (b) such person depositing the Deposited Shares and any Distributions, or on whose behalf such Deposited Shares and Distributions are being deposited, has good legal title to and is the beneficial owner of the Deposited Shares and Distributions within the meaning of applicable Securities Laws; (c) the Deposited Shares and Distributions have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Deposited Shares and Distributions, to any other person; (d) the deposit of the Deposited Shares and Distributions complies with applicable Laws; and (e) when the Deposited Shares and Distributions are taken up and paid for by the Purchaser, the Purchaser will acquire good title thereto, free and clear of all hypothecs, mortgages, liens, charges, restrictions, securities interests, adverse claims, pledges and encumbrances of any nature or kind whatsoever.

Settlement with the undersigned will be made by the Depositary, on behalf of the Purchaser, mailing the cheque(s) by first class mail, postage prepaid, to the undersigned at the address specified by the undersigned herein, or if no such address is specified, to such address as shown on the registers maintained by or on behalf of Waratah, or to hold such

cheque(s) for pick-up, in accordance with the instructions given below. Cheques mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing.

By reason of the use by the undersigned of an English language form of Letter of Transmittal, the undersigned shall be deemed to have required that any contract evidenced by the Compulsory Acquisition as accepted through this Letter of Transmittal, as well as all documents related thereto, be drawn exclusively in the English language. *En raison de l'usage d'une lettre d'envoi en langue anglaise par le soussigné, le soussigné est présumé avoir demandé que tout contrat attesté par l'acquisition forcée et son acceptation par la présente lettre d'envoi, de même que tous les documents qui s'y rapportent, soient rédigés exclusivement en langue anglaise.*

SHAREHOLDER SIGNATURE

By signing below, the Shareholder expressly agrees to the terms and conditions set forth above.

Signature guaranteed by:
(if required under Instruction 3, "Guarantee of Signatures")

Date: _____

Authorized Signature of Guarantor

Signature of Shareholder or Authorized Representative
(See Instruction 2, "Signatures")

Name of Guarantor
(please print or type)

Name of Shareholder
(please print or type)

Address of Guarantor
(please print or type)

Name of Authorized Representative (if applicable)
(please print or type)

Address of Shareholder or Authorized Representative
(please print or type)

Daytime telephone number and facsimile number of Shareholder or
Authorized Representative

BLOCK A
PAYMENT INSTRUCTIONS
(please print or type)

(Name)

(Street Address and Number)

(City and Province or State)

(Country and Postal (Zip) Code)

(Telephone – Business Hours)

(Social Insurance or Social Security Number)

BLOCK B
DELIVERY INSTRUCTIONS
(please print or type)

(Name)

(Street Address and Number)

(City and Province or State)

(Country and Postal (Zip) Code)

(Telephone – Business Hours)

(Social Insurance or Social Security Number)

BLOCK C
U.S. TAXPAYER IDENTIFICATION NUMBER

U.S. persons must provide their
Taxpayer Identification Number

BLOCK D
SPECIAL PICK-UP INSTRUCTIONS

- HOLD CHEQUE FOR PICK-UP AT THE
OFFICES OF THE DEPOSITARY WHERE
THIS LETTER OF TRANSMITTAL IS
DEPOSITED

BLOCK E
ARE YOU A U.S. SHAREHOLDER?
(MUST BE COMPLETED BY ALL SHAREHOLDERS)
(See Instruction 6, “U.S. Shareholders”)

A “**U.S. Shareholder**” is any shareholder that is either (A) providing an address in Block B which is located within the United States or any territory in possession thereof, or (B) a United States person for United States federal income tax purposes.

INDICATE WHETHER OR NOT YOU ARE A U.S. SHAREHOLDER OR ARE ACTING ON BEHALF OF A U.S. SHAREHOLDER:

- The owner signing this Letter of Transmittal represents that it IS NOT a U.S. Shareholder and IS NOT acting on behalf of a U.S. Shareholder.
- The owner signing this Letter of Transmittal IS a U.S. Shareholder or IS acting on behalf of a U.S. Shareholder.

IF YOU ARE A U.S. SHAREHOLDER, OR ARE ACTING ON BEHALF OF A U.S. SHAREHOLDER, THEN IN ORDER TO AVOID BACKUP WITHHOLDING YOU MUST SUBMIT A VALID AND COMPLETE IRS W-9 FORM, OR OTHERWISE PROPERLY CERTIFY THAT YOU ARE EXEMPT FROM BACKUP WITHHOLDING.

INSTRUCTIONS

1. Use of the Letter of Transmittal

- (a) A properly completed and duly executed copy of this Letter of Transmittal (or a manually signed facsimile copy hereof), with the signature(s) guaranteed in accordance with the instructions herein, covering the Shares deposited pursuant to the Compulsory Acquisition, together with accompanying certificates representing the Deposited Shares, must be received by the Depository at one of the offices specified on the last page of this Letter of Transmittal.
- (b) The method used to deliver this Letter of Transmittal and any accompanying certificates representing Shares is at the option and risk of the holder, and delivery will be deemed effective only when such documents are actually received by the Depository. The Purchaser recommends that the necessary documentation be hand delivered to the Depository at any of its offices specified on the last page of this Letter of Transmittal, and a receipt obtained; otherwise the use of registered mail with return receipt requested, properly insured, is recommended.
- (c) Shareholders whose Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing such Shares pursuant to the Compulsory Acquisition.

2. Signatures

This Letter of Transmittal must be filled in and signed by the Shareholder depositing Shares pursuant to the Compulsory Acquisition or by such Shareholder's duly authorized representative (in accordance with Instruction 4, "Fiduciaries, Representatives and Authorizations", below).

- (a) If this Letter of Transmittal is signed by the registered owner(s) of the accompanying certificate(s), such signature(s) on this Letter of Transmittal must correspond with the name(s) as registered or as written on the face of such certificate(s) without any change whatsoever, and the certificate(s) need not be endorsed. If such deposited certificate(s) are owned of record by two or more joint owners, all such owners must sign the Letter of Transmittal.
- (b) If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Deposited Shares, or if the payment is to be made in a name other than the registered owner(s):
 - (i) such deposited certificate(s) must be endorsed or accompanied by an appropriate share transfer power of attorney, in each case duly and properly completed by the registered owner(s); and
 - (ii) the signature(s) on such endorsement or share transfer power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be guaranteed by an Eligible Institution as noted in Instruction 4, "Fiduciaries, Representatives and Authorizations", below.

An "**Eligible Institution**" means a Canadian Schedule I chartered bank, a major trust company in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the National Association of Securities Dealers or banks or trust companies in the United States.

3. Guarantee of Signatures

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Deposited Shares, or if the payment is to be made in a name other than the registered owner(s), such signature must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depository (except that no guarantee is required if the signature is that of an Eligible Institution).

4. Fiduciaries, Representatives and Authorizations

Where this Letter of Transmittal or any certificate or share transfer power is executed by a person as or on behalf of an executor, administrator, trustee, guardian, attorney-in-fact, corporation, partnership or association or is executed by any other person acting in a fiduciary or representative capacity, such person should so indicate when signing and this Letter of Transmittal must be accompanied by satisfactory evidence of their appointment and authority to act. Either the Purchaser or the Depository, at their discretion, may require additional evidence of appointment or authority or additional documentation.

5. Payment and Delivery Instructions

If any cheque(s) are to be sent to someone at an address other than the address of the Shareholder as it appears in Block A of this Letter of Transmittal, then Block B of this Letter of Transmittal should be completed. If Block B is not completed, any cheque(s) will be mailed to the depositing Shareholder at the address of such holder as it appears in Block A or, if no address is provided in Block A, then it will be mailed to the address of such holder as it appears on the securities register maintained by or on behalf of Waratah. Any cheque(s) mailed in accordance with the Compulsory Acquisition and this Letter of Transmittal will be deemed to be delivered at the time of mailing.

6. U.S. Shareholders

United States federal income tax law generally requires that a U.S. person who receives cash in exchange for Shares must provide the Depository with his correct Taxpayer Identification Number (“TIN”), which, in the case of a Shareholder who is an individual, is generally the individual’s social security number. If the Depository is not provided with a U.S. Shareholder’s correct TIN or an adequate basis for an exemption, such U.S. Shareholder may be subject to backup withholding in an amount equal to 28% of the gross proceeds of any payment received hereunder. If withholding results in an overpayment of taxes, a refund may generally be obtained. To prevent backup withholding, each U.S. Shareholder must provide his correct TIN by completing and submitting an IRS Form W-9.

Exempt holders (including, among others, most corporations) are not subject to information reporting and backup withholding requirements.

The appropriate IRS Form W-9 may be obtained from the Depository.

A U.S. SHAREHOLDER WHO FAILS TO SUBMIT A PROPERLY COMPLETED IRS FORM W-9 MAY BE SUBJECT TO BACKUP WITHHOLDING OF 28% OF THE GROSS PROCEEDS OF ANY PAYMENTS MADE TO SUCH SHAREHOLDER PURSUANT TO THE COMPULSORY ACQUISITION.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY UNITED STATES FEDERAL TAX ADVICE CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE; (B) THE ADVICE IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTION OR THE MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

7. Miscellaneous

- (a) If the space on this Letter of Transmittal is insufficient to list all certificates for Deposited Shares, additional certificate numbers and number of Deposited Shares may be included on a separate signed list affixed to this Letter of Transmittal.
- (b) If Deposited Shares are registered in different forms (e.g. ‘John Doe’ and ‘J. Doe’) a separate Letter of Transmittal should be signed for each different registration.
- (c) Before completing this Letter of Transmittal, you are urged to read the accompanying Notice of Compulsory Acquisition.

- (d) Additional copies of the Notice of Compulsory Acquisition and this Letter of Transmittal may be obtained without charge from the Depositary at any of its offices at the addresses set out on the last page of this Letter of Transmittal.

8. Lost Certificates

If a share certificate has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss, to the Depositary at its office in Toronto, Ontario, Canada listed on the last page of this Letter of Transmittal. The Depositary will forward such letter to the transfer agent for the Shares so that the transfer agent may provide replacement instructions. If a share certificate has been lost or destroyed, please ensure that you provide your telephone number to the Depositary so that the Depositary or the transfer agent for the Shares may contact you with instructions.

9. Currency of Payment

All amounts payable under the Compulsory Acquisition will be paid in Canadian dollars.

10. Privacy Notice

The Depositary is committed to protecting personal information that it receives. In the course of providing services to Shareholders and corporate clients, the Depositary receives certain non-public personal information from transactions it performs for Shareholders, forms Shareholders send it, other communications the Depositary has with Shareholders or their respective representatives, etc. This information could include a person's name, address, social insurance number, securities holdings and other financial information. The Depositary uses this information to administer Shareholder accounts, to better serve the needs of Shareholders and clients and for other lawful purposes relating to its services. The Depositary has prepared a *Privacy Code* to tell Shareholders more about its information practices and how their privacy is protected. It is available at the Depositary's website, www.computershare.com, or by writing the Depositary at one of the addresses listed on the last page of this Letter of Transmittal. The Depositary will use the information Shareholders are providing on this form in order to process their requests and will treat Shareholder signature(s) on this form as their consent to the above.

The Depositary is:



COMPUTERSHARE INVESTOR SERVICES INC.

By Mail

P.O. Box 7021
31 Adelaide Street East
Toronto, Ontario
M5C 3H2
Attention: Corporate Actions

By Registered Mail, Hand or Courier

100 University Avenue
9th Floor
Toronto, Ontario
M5J 2Y1
Attention: Corporate Actions
Toll-Free: (North America) 1-800-564-6253
Overseas: 1-514-982-7555
Facsimile: 1-905-771-4082
E-mail: corporateactions@computershare.com

Any questions regarding the Compulsory Acquisition and requests for assistance in depositing Shares or for additional copies of the Notice of Compulsory Acquisition or this Letter of Transmittal may be directed by Shareholders to the Depositary at its telephone numbers or addresses set out above. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance.