

# Supplementary Information Memorandum

Waratah Coal Inc. (Company)

Incorporated in British Columbia, Canada with registered number BC 0746296

To an Information Memorandum dated 2 October 2008, a Supplementary Information Memorandum dated 13 October 2008, a Supplementary Information Memorandum dated 22 October 2008 and a Supplementary Information Memorandum dated 29 October 2008.

This Supplementary Information Memorandum is dated 5 November 2008 and was lodged with the ASX on 5 November 2008. The Information Memorandum of the Company dated 2 October 2008 (**Information Memorandum**) stated that the Company will issue a supplementary information memorandum in a number of circumstances.

**This document is important and should be read in its entirety in conjunction with the Information Memorandum dated 2 October 2008 and lodged with the ASX on 2 October 2008, the Supplementary Information Memorandum dated 13 October 2008 and lodged with the ASX on 13 October 2008, the Supplementary Information Memorandum dated 22 October 2008 and lodged with the ASX on 22 October 2008 and the Supplementary Information Memorandum dated 29 October 2008 and lodged with the ASX on 29 October 2008. If you are in any doubt as to the contents of this document, you should consult a professional adviser without delay.**

The ASX takes no responsibility for the contents of this Supplementary Information Memorandum.

## **Terms used in this Supplementary Information Memorandum**

Terms used in this Supplementary Information Memorandum shall have the same meaning as ascribed to them in the Information Memorandum.

## **Additional Disclosure**

The Directors wish to provide the following additional disclosure to investors in respect of the Information Memorandum.

On 31 October 2008, Waratah Coal Inc. (**Company**) filed with the TSX-V a Notice of Change to the Directors' Circular, in which the Board of Directors of the Company unanimously recommended that shareholders continue to reject the amended and revised offer from Mineralogy Pty Ltd (**Mineralogy**) and not tender their shares to the revised Mineralogy offer.

"Mineralogy has not increased its offer price of \$1.41 per share, which the Board of Directors, the Special Committee and the Company's financial advisor, Merrill Lynch Canada Inc., have previously deemed inadequate," says Howard Stack, Chairman of the Special Committee. "The Board's principal reasons for rejecting Mineralogy's original offer continue to apply to its revised offer."

In making its recommendation, the Board of Directors carefully reviewed the Mineralogy notice of extension and variation and considered many factors, including those detailed in the Directors' Circular dated October 17, 2008, the recommendation of the Special Committee, the opinion of the Company's financial advisor, Merrill Lynch Canada Inc., and advice from the Company's legal advisor, Torys LLP.

As noted in the Directors' Circular dated 20 October 2008 and the Notice of Change dated 31 October 2008, the Special Committee, with the assistance of the Company's financial and legal advisors, has been actively pursuing higher bids or more attractive alternative transactions to Mineralogy's offer that may offer shareholders more attractive value. The Company has entered into confidentiality agreements with a number of interested parties and discussions are in progress to bring forward higher bids or more attractive alternatives.

"We are encouraged by the level of interest and have established a data room for the purpose of providing confidential information to interested third parties, and several parties are already accessing

the data room. The Company and its advisors have established a process designed to elicit definitive proposals from interested parties in advance of the December 3, 2008 expiry time of Mineralogy's revised offer," says Mr. Stack.

While the Special Committee's process is ongoing, it is not possible at this time to predict with certainty what alternatives (if any) may emerge from this process. The Board believes that it is in the best interest of the Company and its shareholders for there to be sufficient time to permit higher bids or other strategic alternatives that may be available to the Company to emerge, and for the Special Committee to review and evaluate such potential alternatives.

The Board of Directors will provide shareholders with an update on the status of any alternative transactions before the expiry of Mineralogy's revised offer, so that shareholders can consider the advances it has made and any material change in circumstances which has come to the Board's attention.

#### **Availability of the Notice of Change to Directors' Circular**

The Notice of Change contains the Board's recommendation, a discussion of its reasons for recommending that shareholders reject the Mineralogy' revised offer and other information required under applicable Canadian securities law. Shareholders are urged to read the Notice of Change to the Directors' Circular in its entirety. Copies of the Notice of Change to the Directors' Circular have been mailed to shareholders and are available on the Company's website at [www.waratahcoal.com](http://www.waratahcoal.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **How to withdraw your shares from the revised Mineralogy offer**

Shareholders wishing to withdraw their shares from the revised Mineralogy offer are encouraged to contact the Company's information agent, Laurel Hill Advisory Group, at 1-866-588-7127 (toll free in North America) or at 1-416-637-4661 (collect outside North America).

#### **Other Material Information**

The Directors of the Company are not aware of any act, matter or thing (not already described in the Information Memorandum, the Supplementary Information dated 13 October 2008, the Supplementary Information Memorandum dated 22 October 2008, the Supplementary Information Memorandum dated 29 October 2008 or this Supplementary Information Memorandum) which is required to be disclosed pursuant to the Company's obligations with respect to the Information Memorandum.

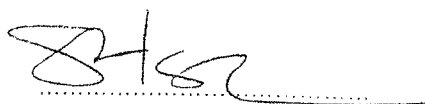
This Supplementary Information Memorandum has been signed by all Directors of Waratah Coal Inc and is dated 5 November 2008.



Nicholas Mather  
Non-Executive Chairman



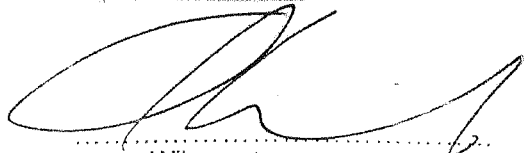
Peter Lynch  
Chief Executive Officer



Shaun Maskerine  
Non-Executive Director



Howard Stack  
Non-Executive Director



Andrew Wilson  
Non-Executive Director