



## Western Canadian Coal

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**WTN 06-30**

**TSX: WTN & WTN.DB and AIM: WTN**

### **WESTERN CANADIAN COAL ANNOUNCES SECOND QUARTER 2007 OPERATING RESULTS**

**Vancouver, B.C. November 15, 2006 – Western Canadian Coal Corp. (TSX: WTN & WTN.DB and AIM: WTN) ("WCCC" or the "Company")** presents its operating results for the three months ending September 30, 2006:

**Financial and Operating Summary** (unaudited, in Canadian dollars unless otherwise indicated):

- Operating profit of \$0.6 million for the quarter ending September 30, 2006 on sales of \$10.7 million. Year-to-date operating profit was \$8.1 million on sales of \$40.7 million.
- Sales consisted of 142,000 tonnes of pulverized coal injection ("PCI") coal shipped at an average price of \$75.45 (US\$67.50) per tonne. Year-to-date sales are 462,000 tonnes of PCI coal at an average price of \$88.13 (US\$78.48) per tonne. Revenues were adversely affected by a 33-35% decrease in PCI price settlements for the current coal year. Sales for the six-months ended September 30, 2006 included approximately 175,000 tonnes of carryover tonnage from the previous coal year.
- Cash costs for production were \$67.23 per tonne, representing a \$4.88 per tonne decrease from the second quarter of fiscal 2006.
- Net loss for the quarter was \$4.8 million or \$0.05 per share compared to a net income of \$5.1 million for the same quarter in 2005 or \$0.06 per share. Year-to-date loss is \$2.5 million or \$0.03 per share compared to net income for September 2005 six-month period of \$9.8 million or \$0.12 per share.
- The Company's Wolverine Mine remains on budget. Spending on capital equipment and project construction at the Wolverine Mine Project totaled \$33.4 million for the quarter ended September 30, 2006.
- Start-up of the Wolverine Mine commenced on schedule in late July 2006. In July, Wolverine received an amended Mine Permit allowing for an increase in production of hard coking coal to 2.4 million tonnes per annum.
- During the quarter, the Company signed a 10-year port services agreement, concluded a \$75 million debt facility to finance the completion and start-up of the Wolverine Mine project, and obtained commitments for hard coking coal shipments in excess of 1.1 million tonnes for the coal year ended March 31, 2007.

Gary K. Livingstone, President & Chief Executive Officer of the Company will host a conference call and webcast to discuss the second quarter results on Friday, November 17, 2006 at 8:00am PST / 11:00am EST. The conference call can be accessed by calling 416-644-3420 or toll-free on 1-800-814-4861 prior to the scheduled start time. An archived recording of the call will be available for two weeks after the completion of the call by dialing 416-640-1917 or 1-877-289-8525, both using passcode 21206879#.

A live and archived audio webcast of the conference call will also be available on the Company's website at [www.westerncoal.com](http://www.westerncoal.com).

## News Release

This news release is prepared as at November 14, 2006 and should be read in conjunction with the Company's 2006 audited financial statements for the year ended March 31, 2006 and Management's Discussion and Analysis for the same period. This news release does not constitute MD&A as contemplated by relevant securities rules. Western Canadian Coal Corp.'s second quarter financial statements and MD&A for the three and six months ending September 30, 2006 are filed on SEDAR and are available at [www.sedar.com](http://www.sedar.com).

## Financial Summary – unaudited:

*(In thousands of Canadian dollars, except tonnes and per share data)*

	September 30, 2006		March 31, 2006	
Cash	\$	22,074	\$	71,274
Other current		33,754		19,153
Inventory		28,026		23,631
Total Assets		415,159		341,280
Current liabilities		60,960		53,621
Long-term liabilities		188,216		125,920
Shareholders' equity	\$	165,983	\$	161,739

  

	Three months ending September 30, 2006		Six months ending September 30, 2006	
	2006	2005	2006	2005
Tonnes shipped	142,000	156,000	462,000	324,000
Revenue	\$ 10,703	\$ 19,129	\$ 40,685	\$ 38,644
Cost of goods sold	10,123	11,534	32,567	23,079
Operating profit	580	7,595	8,118	15,565
Other expenses	6,412	6,415	10,081	9,793
Income tax expense (recovery)	(1,075)	(4,006)	487	(4,006)
Net income (loss)	\$ (4,757)	\$ 5,186	\$ (2,450)	\$ 9,778
Earnings (loss) per share, basic	\$ (0.05)	\$ 0.06	\$ (0.03)	\$ 0.12
Earnings (loss) per share, diluted	\$ (0.05)	\$ 0.06	\$ (0.03)	\$ 0.12

Included in the above balances and results are the Company's proportionate share of its interest in and results from the Belcourt Saxon joint venture, as disclosed in note 4 to the interim unaudited financial statements for the six months ended September 30, 2006.

## Revenues

The Company mined 128,000 tonnes and realized FOB sales of 142,000 tonnes for total revenues of \$10,703,000 for the quarter ended September 30, 2006. The average selling price per tonne realized

during the quarter was \$75.45 or US\$67.50. These sales were comprised solely of PCI coal from the Dillon Mine, located within the Burnt River property.

Year-to-date, the Company mined 239,000 tonnes and realized FOB sales of 462,000 tonnes for total revenues of \$40,685,000. The average selling price per tonne realized during the six-month period was \$88.13 or US\$78.48.

Excluding volume and exchange rate differences, the primary reason for the decrease in the Company's revenues over the prior periods' is the significant reduction in price being realized on the sales of low volatile PCI coal. This is a reflection of the low volatile PCI coal price settlements for the current coal year having decreased from the prior year's settlements, from slightly in excess of US \$100 to the mid-US \$60's. Both periods' sales were comprised solely of low volatile PCI coal from the Dillon Mine, located within the Burnt River property; however, sales for the six-months ended September 30, 2006 included approximately 175,000 tonnes of carryover tonnage from the previous coal year.

### Cost of goods sold

For the quarter ended September 30, 2006, the cost of sales was \$10,123,000 or \$71.36/tonne compared to \$11,534,000 for the quarter ended September 30, 2005. Cost of goods sold includes cost of production, transportation, and depletion, amortization and accretion charges as presented in the table below:

<i>(Thousands of Canadian dollars)</i>	Sept. 30, 2006	\$/tonne	%/cost	Sept. 30, 2005	\$/tonne	%/cost
Cost of production	\$ 4,931	\$ 34.76	48.7%	\$ 5,706	\$ 36.61	49.4%
Transportation and other	4,606	32.47	45.5%	5,534	35.50	48.0%
Depletion, amortization and accretion	586	4.13	5.8%	294	1.89	2.6%
<b>Total cost of goods sold</b>	<b>\$ 10,123</b>	<b>\$ 71.36</b>	<b>100.0%</b>	<b>\$ 11,534</b>	<b>\$ 74.00</b>	<b>100.0%</b>

Cash costs during the quarter, which exclude depletion, amortization and accretion, were \$67.23 per tonne compared to \$72.11 per tonne for the quarter ended September 30, 2005. Since the second quarter of fiscal 2006, cash mining costs at the Dillon mine have decreased or remained consistent, falling from \$72.11/tonne to \$70.95/tonne, \$70.01/tonne, and \$66.55/tonne in the following three quarters, and increasing by \$0.68/tonne in the current quarter.

The decrease in transportation and other costs for both the quarter and six months ended September 30, 2006, compared to the fiscal 2006 quarter and six month period, is the result of a renegotiated coal haul contract and reduced service-road maintenance costs earlier in calendar 2006.

### Operating profit

Operating profit for the quarter ended September 30, 2006 amounted to \$580,000 on 142,000 tonnes sold compared to the second quarter 2006 operating profit of \$7,595,000 on 156,000 tonnes sold. Operating profit for the six months ended September 30, 2006 amounted to \$8,118,000 on 462,000 tonnes sold compared to the six months ended September 30, 2005 operating profit of \$15,565,000 on 324,000 tonnes sold. Excluding volume and exchange rate differences, the primary reason for the decrease in operating profit is the significant reduction in current coal year price settlements for low volatile PCI coal, as compared to the prior year's coal price settlements.

### Other expenses

Other expenses for the quarter ending September 30, 2006 were \$6.4 million and include the following:

<i>(In thousands of Canadian dollars)</i>	Three months ending		Six months ending	
	2006	2005	2006	2005
General, administration and selling	\$3,506	\$4,469	\$6,488	\$6,904
Coal exploration	2,741	2,855	4,007	4,563
Abandoned transaction expense	620	-	620	-
Interest expense	(15)	4	6	8
Other income	(440)	(913)	(1,040)	(1,682)
Total other expenses	\$6,412	\$6,415	\$10,081	\$9,793

General, administration and selling costs for the quarter ended September 30, 2006 decreased by \$963,000 to \$3,506,000 from the quarter ended September 30, 2005. General, administration and selling costs for the six-month period ended September 30, 2006 decreased by \$416,000 to \$6,488,000 from the six-month period in fiscal 2005. The decrease is primarily due to lower stock-based compensation expense recognized during the three and six month periods of \$1,193,000 and \$1,047,000, respectively, and a decrease in legal fees in the three and six month periods of \$744,000 and \$621,000, respectively. Legal fees for the quarter and six months ended September 30, 2005 included legal expenses related to a Final Offer Arbitration over rail freight rates related to Dillon PCI coal. These decreases were partially offset by an increase in salaries, benefits and other remuneration as a result of the Company increasing its staffing levels for a larger scale operation and as well increases in other expenses due to building the necessary support systems for a larger, multi-operational company.

Coal exploration expenditures for the quarter ended September 30, 2006, including the Company's proportionate share of expenses recorded by the Belcourt Saxon joint venture of \$982,000, decreased to \$2,741,000 from \$2,855,000 in prior year's quarter. Coal exploration expenditures for the six-month period ended September 30, 2006, including the Company's share of expenses recorded by the joint venture of \$1,897,000, decreased to \$4,007,000 from \$4,563,000 in the six-month period in the prior year. Fiscal 2007 coal exploration includes \$1,677,000 and \$1,940,000, respectively, for the three and six months ended September 30, 2006 on the Company's Hermann property located within the Wolverine Group of properties.

Abandoned transaction expenses of \$620,000 for the three months ended September 30, 2006 includes previously deferred costs and costs incurred during the quarter related to the proposed business combination with NEMI Northern Energy & Mining Inc. that was abandoned during the quarter.

## **Net loss**

Net loss for the quarter ended September 30, 2006 was \$4,757,000 compared to a net income of \$5,186,000 for the same period in the prior year, the decrease being primarily a result of lower coal price settlements for the Company's Burnt River PCI coal. Net loss for the quarter ended September 30, 2006 included a net income tax recovery of \$1,075,000 reflecting both a current income tax expense of \$300,000 and a future income tax recovery of \$1,375,000. For the three months ended September 30, 2005, the Company recorded an income tax recovery of \$4,006,000 representing the previously unrecognized future income tax asset to be realized as a result of it being more likely than not that sufficient future taxable income would be available to utilize such tax assets.

## **Outlook and Guidance**

To date, the Company's results have solely included shipments of low volatile PCI coal from the Company's Dillon Mine, which as discussed above have been adversely affected by the 33-35% decrease in settlement prices as compared to the previous coal year. While the Company continues to realize a cash margin of approximately \$8-9/tonne of PCI coal sold, future volumes of PCI are not expected to generate sufficient profit margin to cover general, administrative and selling costs, ongoing coal exploration costs, and to service the Company's debt obligations. However, the Company expects that the Wolverine mine will commence commercial production for accounting purposes within the quarter

ended December 31, 2006. The Company has shipped approximately 189,000 tonnes of Wolverine hard coking coal to customers in India, Europe and Asia through October, and expects to ship two additional trial cargoes to major steel mills in Japan in November, followed by further shipments into India, Korea and South America in December. It is anticipated that over 1,100,000 tonnes of coal (all coal year 2006 production excluding that required to maintain adequate inventories at port and mine) will move to customers by fiscal year ended March 31, 2007. Based on the contracted sales commitments received to date, the average price expected to be realized for shipments of Wolverine hard coking coal is approximately US\$100 per tonne.

The Company has secured coal supply agreements for its Wolverine hard coking coal in Asia, Europe, South America and India and the Company is in active negotiations to secure additional Wolverine hard coking coal contracts with steel mills in other regions, focusing on diversifying into other markets such as North America, Central America and the Middle East. The Company expects that this strategy will result in more than a doubling of sales volumes for Wolverine coal in the fiscal year ending March 31, 2008.

Production from the 1.38 million tonne Dillon reserve was completed in September, with all PCI coal either sold or scheduled for shipment before the fiscal year ended March 31, 2007 at prices in the high US\$60s per tonne range. The Company continues to transport the balance of the coal mined to the port and as at September 30, 2006 had available for sale 128,000 tonnes of low volatile PCI coal, enabling it to fulfill its current coal year's PCI sales contracts. A decision regarding timing for the development of the Brule mine project will be made upon receipt of the mining permit, expected in November 2006 as well as greater certainty regarding PCI pricing. It would be the intention to initially develop and operate the Brule mine in a manner similar to the operation at the Dillon Mine. On this basis, the Company estimates production at the Brule mine could be in the range of 700,000 to one million tonnes of low volatile PCI coal per year. The Company anticipates that it will make its determination in November 2006.

#### **Forward-Looking Information**

This release may contain forward-looking statements that may involve risks and uncertainties. Such statements relate to the Company's expectations, intentions, plans and beliefs. As a result, actual future events or results could differ materially from those suggested by the forward-looking statements. Readers are referred to the documents filed by the Company on SEDAR. Such risk factors include, but are not limited to changes in commodity prices; strengths of various economies; the effects of competition and pricing pressures; the oversupply of, or lack of demand for, the Company's products; currency and interest rate fluctuations; the Company's ability to secure long term coal sale contracts for its products and the Company's ability to produce and supply coal that meets contract specifications and customers' expectations; various events which could disrupt the Company's construction schedule or operations; the Company's ability to obtain additional funding on favourable terms, if needed; and the Company's ability to anticipate and manage the foregoing factors and risks. Additionally, statements related to the quantity or magnitude of coal deposits are deemed to be forward-looking statements. The reliability of such information is affected by, among other things, uncertainties involving geology of coal deposits; uncertainties of estimates of their size or composition; uncertainties of projections related to costs of production; the possibilities in delays in mining activities; changes in plans with respect to exploration, development projects or capital expenditures; and various other risks including those related to health, safety and environmental matters.

**WESTERN CANADIAN COAL CORP.**  
**"Gary K. Livingstone"**  
**President and Chief Executive Officer**

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