

## **WESTERN COAL ANNOUNCES SALES UPDATE AND FISCAL 2011 OPERATING PLANS**

**Vancouver, B.C. March 16, 2010 – Western Coal Corp (TSX: WTN, WTN.WT and WTN.DB and AIM: WTN)** (“Company” or “Western”) is pleased to provide an update on coal sales negotiations and announce its operating plans for the fiscal year ending March 31, 2011.

Keith Calder, President and Chief Executive Officer of Western Coal Corp. comments,

“The continued strengthening of global market conditions provides us with a unique opportunity to grow our business through low-risk expansion projects in a significantly improved pricing environment. Our plans for this year will focus on investing in our core business of seaborne metallurgical coal production and continuing our steady reduction in unit operating cost. We will be putting our strong financial position and cash flow generation to work by expanding our business, which will provide a solid platform for further growth in the coming years. Over the next few years, our plan is to make Western a top tier international producer of seaborne metallurgical coal, which combined with a competitive cost structure, will provide superior long-term returns for our shareholders.”

### **Coal Sales Update:**

- To date, the Company has negotiated a sales price of US\$200 per tonne for its hard coking coal and US\$170 per tonne for its low-volatile PCI coal for 2.5 million tonnes, or 75%, of its sales in Asia for fiscal 2011. These prices are for the period April to June 2010.
- These prices reflect an increase of 59% when compared against fiscal 2010 hard coking coal contracts and an 89% increase when compared to fiscal 2010 low-volatile PCI coal contracts.

### **Summary of the fiscal 2011 operating plan:**

- Significant expansion with total sales of approximately 6.0 million tonnes, which is approximately 75% more than in fiscal 2010.
- Expansion of metallurgical coal sales to over 4.8 million tonnes, which is 70% more than in fiscal 2010. In fiscal 2011, metallurgical coal sales are expected to represent 80% of total shipments.
- Regional expansion with sales from the Canadian, US and UK operations, expected to be higher than 2010 by approximately 60%, 100% and 180%, respectively.
- Strong cash flow generation in the upcoming year with the price of hard coking coal expected to be in the range of US\$200 per tonne and cash costs below \$100 per tonne at Western’s Canadian operations. Cash earned in the year along with cash in the bank (approximately \$150 million as at December 31, 2009) will be sufficient to fund all organic growth plans for the year.

- Total capital investments of approximately \$300 million, which includes approximately \$130 million for new equipment and \$170 million on new infrastructure to grow the business.
- The Company has entered into foreign currency forward sale contracts for US\$188 million at a rate of C\$1.0858 per US\$1.00. These contracts mature monthly from now to January 2011. Coal sales from the Canadian Operations are in US dollars, while a majority of its expenses are in Canadian dollars. Therefore, the Company enters into foreign exchange forward sale contracts to reduce its exposure to the fluctuations in currency.

Estimates by region include:

### Canadian Operations

	<u>Hard coking coal</u>	<u>Low-vol PCI</u>	<u>Total</u>
Production (million of tonnes)	1.7 – 1.8	1.8 – 1.9	<b>3.5 – 3.7</b>
Sales (million of tonnes)	1.8 – 1.9	1.9 – 2.0	<b>3.7 – 3.9</b>
Cash costs, fob (C\$/t)			<b>\$94 - \$99</b>
Capital expenditures (C\$ millions)			<b>\$260</b>

Highlights:

- The increase in production at the Wolverine Operation, which produces hard coking coal, is a result of equipment optimization through using larger equipment and an on-going productivity improvement program.
- During the year, the Brule mine, which produces low-volatile PCI coal, expects to deplete the current pit area, which operates at an annual run rate of 1.2 million tonnes per year. In fiscal Q2-2011, the mine will commence mining in a new pit on the property which will expand operations to an annual run-rate of 2.0 million tonnes per year.
- Given the strong market conditions, the Willow Creek mine expects to restart mining in fiscal Q2-2011, with the first shipment of coal in fiscal Q3-2011. The mine will initially ramp up production at an annual run-rate of 0.4 million tonnes per year, eventually operating at an annual run-rate of 1.4 million tonnes per year by March 2011. Over the life-of-mine, Willow Creek expects 40% of its production to be hard coking coal and 60% low-volatile PCI coal, with average cash costs less than \$100 per tonne.
- The Canadian Operations expect to invest approximately \$260 million in capital, including \$120 million in equipment and \$140 million in infrastructure to expand the mines, the majority on restarting the Willow Creek mine and expanding the Brule mine.

### US Operations

	<u>Metallurgical coal</u>	<u>Thermal coal</u>	<u>Total</u>
Production (million of tonnes)	0.7 – 0.8	0.9 - 1.0	<b>1.6 – 1.8</b>
Sales (million of tonnes)	0.8 – 0.9	0.9 – 1.0	<b>1.7 – 1.9</b>
Cash costs, fob (US\$/t)			<b>\$68 - \$72</b>
Capital expenditures (US\$ millions)			<b>\$13</b>

Highlights:

- Metallurgical coal production is expected to increase by 125% when compared to fiscal 2010. The increase is to meet rising demand in the seaborne metallurgical coal markets. The Maple

underground mine, which produces most of the metallurgical coal in Western's US Operations, will be adding additional equipment to ramp up production through the fiscal year. The mine will initially produce at an annual run rate of 0.4 million tonnes per year, eventually increasing to an annual run rate of 0.7 million tonnes by fiscal year-end.

- While the thermal coal markets currently remain relatively soft, Western's thermal mines have the flexibility to increase production quickly to meet any potential increase in demand in the US domestic markets, which is expected later in the fiscal year.
- Western's US Operations expect to invest approximately US\$13 million in capital, including US\$7 million in equipment and US\$6 million in infrastructure to primarily expand the Maple underground mine.

### UK Operations

Production (million of tonnes)	0.3
Sales (million of tonnes)	0.3
Capital expenditures (£ millions)	£13

#### Highlights:

- During the year, the Aberpergwm underground mine will be ramping up production to an annual run rate of nearly 0.5 million tonnes per year by fiscal year-end.
- The UK Operations expect to invest approximately £13 million in fiscal 2011 in equipment and development costs to expand the underground mine.

*Note: The above noted figures in the UK Operations represent 100% of Energybuild's operations. Western owns approximately 55% of Energybuild.*

### Forward-Looking Information

*This news release contains "forward-looking information" within the meaning of applicable securities laws. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Many of these assumptions are based on factors and events that are not within the control of Western and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking information include changes in market conditions, variations in coal recovery rates, risks relating to operations, fluctuating coal prices and currency exchange rates, changes in project parameters, the possibility of unanticipated costs and expenses, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, the business of the companies not being integrated successfully or such integration proving more difficult, time consuming or costly than expected as well as those risk factors discussed in the Annual Information Form for the year ended March 31, 2008 for Western available on [www.sedar.com](http://www.sedar.com). Although Western has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events*

could differ materially from those anticipated in such information. Western undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.

**About Western Coal**

Western Coal is a producer of high quality metallurgical coal from mines in northeast British Columbia (Canada) and high quality metallurgical coal and compliant thermal coal from mines located in West Virginia (USA). Western Coal also owns approximately 55% of Energybuild Group Plc (EBG: AIM) which produces high quality anthracite and metallurgical coal in South Wales (UK). Other interests owned include a 48% interest in Mandalay Resources Corporation (TSX.V: MND), 42% interest in Xtract Energy (XTR: AIM), 20% interest in NEMI Northern Energy & Mining (NNE.A: TSX). The Company is headquartered in Vancouver, BC, Canada, and trades on the AIM and TSX stock exchanges under the symbol "WTN". More information can be found at [www.westerncoal.com](http://www.westerncoal.com)

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