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**WTN 05-15**

**TSX: WTN and AIM: WTN**

## **WESTERN CANADIAN COAL CORP. PRESENTS FIRST QUARTER FISCAL 2006 OPERATING RESULTS**

**Vancouver, B.C. July 28, 2005 – Western Canadian Coal Corp. (TSX and AIM: WTN)** ("WCCC" or the "Company") announces its operating results for the three months ending June 30, 2005:

**First Quarter Financial Highlights** (unaudited, in Canadian dollars unless otherwise indicated):

- Operating profit of \$8.0 million for the quarter ending June 30, 2005 on sales of \$19.5 million.
- Sales consisted of 168,000 tonnes of pulverized coal injection ("PCI") coal at an average price of \$116.17 (US\$93.63) per tonne. Cash costs for production are \$59.81 per tonne.
- Net income for the quarter ending June 30, 2005 of \$4.6 million or \$0.06 per share compared to a net loss of \$1.5 million or (\$0.04) per share for the same quarter in 2004.
- Cash flow from operations of \$6.4 million before changes in non-cash working capital items for the quarter ending June 30, 2005 compared to cash used in operations before changes in non-cash working capital items of \$1.1 million in same quarter in 2004.
- As at June 30, 2005, the Company's working capital position was \$116.2 million.

Gary K. Livingstone, President & Chief Executive Officer of Western Canadian Coal will host a conference call and webcast to discuss the first quarter results on Friday, July 29, 2005 at 8:00am PST / 11:00am EST.

The call can be accessed by calling the operator at 416-695-6622 or toll-free on 1-888-789-0150 prior to the scheduled start time. A playback version of the call will be available for one week up to August 5, 2005 at 416-695-5275 or North America toll-free 1-888-509-0081.

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 July 28, 2005 and should be read in conjunction with the Company's 2005 Annual Report and the audited financial statements and notes contained therein. This news release does not constitute Management's Discussion and Analysis as contemplated by relevant securities rules. Western Canadian Coal Corp.'s First Quarter Report and MD&A for the three months ending June 30, 2005 will be released within the next two weeks and will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Financial Summary – unaudited:

<i>(In thousands of Canadian dollars, except tonnes and per share data)</i>	June 30, 2005	March 31, 2005
Cash	\$ 110,132	\$ 115,186
Other current	10,751	7,041
Inventory	10,088	8,831
Total Assets	159,116	149,802
Current liabilities	14,735	11,682
Long-term liabilities	1,971	966
Shareholders' equity	\$ 142,410	\$ 137,154
	Three months ending June 30, 2005	Three months ending March 31, 2005
Tonnes shipped	168,000	152,000
Revenue	\$ 19,515	\$ 11,347
Cost of goods sold	11,544	10,309
Operating profit	7,971	1,038
Other expenses	3,379	4,388
Net income (loss )	4,592	(3,350)
Earnings (loss) per share, basic	\$ 0.06	\$ (0.05)
Earnings (loss) per share, diluted	\$ 0.05	\$ (0.05)

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 follows:

<i>(In thousands of Canadian dollars)</i>	June 30, 2005	March 31, 2005
Cash	\$ 4,166	\$ 4,829
Due from the Company	3,000	3,000
Due from NEMI	2,000	2,000
Total Assets	9,391	10,908
Current liabilities	297	56
Equity	9,094	10,852
	Three months ending June 30, 2005	Three months ending March 31, 2005
Expenses	\$ (50)	\$ (74)

## Revenues

Currently, the Company's sole source of revenue is from the sale of PCI coal from the Dillon mine located within the Burnt River property of the Brazion Group in northeastern British Columbia. The Dillon Mine produces an ultra low-volatile PCI coal which is mined and crushed and requires no washing prior to shipment.

The Company mined approximately 201,000 tonnes and realized FOB sales of 168,000 tonnes for total revenues of \$19.5 million during the first quarter of fiscal 2006. The average selling price realized during the period was \$116.17 or US\$93.63 at an average foreign exchange rate of 1.2407. Selling prices during the quarter include certain commitments made by the Company prior to commercial production based on spot prices of PCI coal. The Company currently maintains approximately 165,000 tonnes of inventory as at June 30, 2005.

The Company had no revenues or cost of goods sold in periods prior to January 1, 2005. For the quarter ended March 31, 2005, the Company mined approximately 284,000 tonnes and realized FOB sales of 152,000 tonnes for total revenues of \$11.3 million. The average selling price realized on the four trial shipments made during this period was \$74.66 or US\$60.93 at an average foreign exchange rate of 1.2253.

### Cost of goods sold

Cost of goods sold during the three months ended June 30, 2005 totaled \$11.5 million or \$68.72 per tonne and compared to cost of goods sold during the three months ended March 31, 2005 of \$10.3 million or \$67.83 per tonne. Cost of goods sold include cost of production, transportation, and depletion, amortization and accretion charges as presented in the table below:

<i>(In thousands of Canadian dollars)</i>	1 <sup>st</sup> quarter 2006		4 <sup>th</sup> quarter 2005	
		\$/tonne		\$/tonne
Cost of production	\$ 3,714	\$ 22.11	\$ 3,258	\$ 21.44
Transportation and other	6,333	37.70	6,140	40.40
Depletion, amortization and accretion	1,497	8.91	911	6.02
<b>Total cost of goods sold</b>	<b>\$ 11,544</b>	<b>\$ 68.72</b>	<b>\$ 10,309</b>	<b>\$ 67.83</b>

WCCC's cost of goods sold were not materially impacted by the temporary closure of Highway 29 on which the Company transports its coal. The highway was re-opened to traffic by the BC Ministry of Transportation on Sunday, June 26, 2005.

### Operating profit

The operating profit for the first quarter of 2006 totaled \$8.0 million or 40.8% of first quarter revenues compared with the fourth quarter 2005 operating profit of \$1.0 million or 9.1% of fourth quarter revenues. The increase in operating profit was solely due to the higher selling prices realized.

### Other expenses

Other expenses for the quarter ending June 30, 2005 amounted to \$3.4 million. Other expenses include general, administration and selling costs, coal exploration expenses and other income as presented in the table below:

<i>(In thousands of Canadian dollars)</i>	June 30, 2005	June 30, 2004
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General, administration and selling	\$	2,436	\$	1,388
Coal exploration		1,708		74
Other income		(769)		(8)
Total other expenses	\$	3,379	\$	1,454

General, administration and selling costs include non-cash charges for stock-based compensation expense of \$0.3 million and \$0.4 million for the quarters ending June 30, 2005 and 2004 respectively.

### **Net income (loss)**

Net income for the quarter ending June 30, 2005 was \$4.6 million as compared with a net loss of \$1.5 million for the quarter ending June 30, 2004. The net income during the first quarter of 2006 reflects operating profits of \$8.0 offset by other expense of \$3.4 million as described above.

### **Outlook**

As announced on July 26, 2005, the Company is currently constructing a coal preparation plant at Wolverine to handle 3.0 million tonnes of hard coking coal per annum. Initial throughput, however, expected to commence in July 2006 will be at the rate of 2.4 million tonnes per annum. The Company has applied to the BC government for an increase in the allowable production at Wolverine from 1.6 million tonnes to 2.4 million tonnes per annum and expects a decision by the fourth quarter of 2005. Within 18 – 24 months following the start of production at Wolverine, the Company expects to increase production from the Wolverine group of properties from 2.4 million tonnes to 3.0 million tonnes per year with the inclusion of production from future mining activities at the nearby Hermann property and the Perry Creek underground resource.

Based on the recent receipt of the amended Dillon Mine permit, the Company expects to produce and sell approximately 800,000 tonnes of ultra low-volatile PCI coal for the fiscal year ended March 31, 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; various events which could disrupt operations; the Company's ability to obtain additional funding on favourable terms, if at all; 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**

For further information please contact:

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