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WTN LISTED TORONTO stock EXCHANGE TSX

**WTN 08-02** **TSX: WTN & WTN.DB and AIM: WTN**

# WESTERN CANADIAN COAL ANNOUNCES THIRD QUARTER 2008 OPERATING RESULTS

**Vancouver, B.C. February 14, 2008 – Western Canadian Coal Corp. (TSX WTN & WTN.DB; AIM: WTN)** (or the "Company") is pleased to announce a strong improvement in the current quarter as a result of a 5% reduction in cash costs, 11% increase in production and improved coal prices realized. Operating losses have diminished by 40% during the current quarter as compared to the second quarter 2008.

"The productivity improvement plan established last quarter has resulted in improved operations and lower costs. While much work still needs to be done, I am pleased to see that we are heading in the right direction," said John W. Hogg, President and CEO. "Being a northeast BC coal producer with underutilized rail and port capacity, our mines are well positioned to take advantage of the anticipated record coal prices next year, which maybe as much as 100% higher than current coal year contracts."

Mr. Hogg adds, "Spot prices for coking coal have risen markedly in international markets since current contract prices were negotiated, reflecting transport constraints and, more recently, severe floods at the main Australian coal fields. Recent spot coking coal sales in the market have taken place at $275 per tonne and more."

**Third Quarter 2008 Update and Financial Summary:**

- The Company expects to have materially delivered on all of its fiscal 2008 sales commitments by the end of the quarter ending March 31, 2007. As a result, the Company will be in a position to benefit from the higher 2008 coal year prices in the first quarter of fiscal 2009.

- The Company has signed three long-term sale volume contracts of 3 to 5 years in length for 550,000 tonnes per year of hard coking coal and 700,000 tonnes per year of PCI coal and has several memorandum of understandings in place.

- With the higher coal prices forecasted for the long term, the Company is undertaking a study to review the amount of coal resources and reserves it can economically produce over the life of the mine.

- Completion of the Falls Mountain transaction (see December 3, 2007 press release) is on track and subject to receipt of required approvals, we expect it to close sometime early in the first quarter of fiscal 2009.

- Sales were $55.1 million from 693,000 tonnes of coal at an average price realized of $79.55 or US$80.82 per tonne.

- Cash costs were $80.74 per tonne or 5% lower than the second quarter's cash costs of $85.36 per tonne with steady quarter over quarter productivity improvements across most metrics.

- Operating loss of $7.9 million or 41% lower than the second quarter's operating loss of $13.5 million.

- The Perry Creek Mine at the Wolverine Property produced 683,000 tonnes of run-of-mine (ROM) coal, and processed approximately 682,000 tonnes of ROM coal through the Wolverine plant, producing 480,000 tonnes of coal or 11% more than the second quarter 2008, for a processing yield of 70.4%. Sales from Perry Creek were 440,000 tonnes with 492,000 railed to port.

- The Brule Mine at the Burnt River Property produced 296,000 tonnes of ROM coal. Sales were 253,000 tonnes while 333,000 tonnes were railed to port.

- Net loss for the quarter is $21.3 million or a loss per share of $0.18, as compared to a net loss of $43.9 million or a loss per share of $0.38 in the second quarter 2008. The prior quarter results included $22.6 million of $0.20 per share of one-time adjustments.

- The Company repaid $7.5 million of the Wolverine project debt facility and now has $28.0 million of total debt outstanding.

- Issued convertible debentures through a private placement for a face value of US$40.4 million.

**News Release**

This news release is prepared as at February 14, 2008 and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2007 and notes contained therein, and Management's Discussion and Analysis (MD&A) for the same period. This news release does not constitute MD&A as contemplated by relevant securities rules. Western Canadian Coal Corp.'s Third Quarter Report and MD&A for the three and nine months ending December 31, 2007 are filed on SEDAR and are available at www.sedar.com and the Company's website www.westerncoal.com.

**Financial Summary - unaudited**:

| *(In thousands of Canadian dollars, except tonnes and per share data)* | **December 31, 2007** | **March 31, 2007** |
|---|---|---|
| Cash & cash equivalents | $ 12,515 | $ 35,272 |
| Inventory | 35,284 | 28,522 |
| Other current | 27,297 | 29,803 |
| Total Assets | 436,539 | 438,575 |
| | | |
| Current liabilities | $ 75,010 | $ 75,063 |
| Long-term liabilities | 209,509 | 190,130 |
| Shareholders' equity | 152,020 | 173,382 |

| | **Three months ending December 31,** | | **Nine months ending December 31,** | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Tonnes sold | 693,000 | 474,000 | 2,178,000 | 935,000 |
| | | | | |
| Revenue | $ 55,132 | $ 48,676 | $ 177,198 | $ 89,361 |
| Cost of goods sold | 63,064 | 46,795 | 202,633 | 79,362 |
| Operating (loss) profit | (7,932) | 1,881 | (25,435) | 9,999 |
| Other expenses | 13,331 | 11,953 | 29,371 | 22,034 |
| Income tax expense (recovery) | - | (2,826) | 13,380 | (2,339) |
| Net income (loss ) | $ (21,263) | $ (7,246) | $ (68,186) | $ (9,696) |
| | | | | |
| Earnings (loss) per share, basic | $ (0.18) | $ (0.08) | $ (0.62) | $ (0.11) |
| Earnings (loss) per share, diluted | $ (0.18) | $ (0.08) | $ (0.62) | $ (0.11) |
| | | | | |
| Average coal prices realized (US$ per tonne) | $ 80.82 | $ 89.80 | $ 78.05 | $ 84.09 |
| Average cash cost (C$ per tonne) | $ 80.74 | $ 88.81 | $ 82.77 | $ 77.98 |
| Production (tonnes) | 776,000 | 372,000 | 2,315,000 | 780,000 |
| Average CAD/USD rate | 0.9843 | 1.1434 | 1.0424 | 1.1365 |

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 financial statements for the three and nine months ended December 31, 2007.

**Revenues**

For the quarter ended December 31, 2007, total sales revenues were $55,132,000 from the sale of 693,000 tonnes of coal. The average price per tonne realized during the period was $79.55 or US$80.82.

During the quarter ended December 31, 2006, total revenues were $48,676,000 on 474,000 tonnes sold. The average selling price per tonne realized was $102.68 or US$89.80. The December 31, 2006 quarter was the first quarter sales were made from the Perry Creek mine.

The primary reason for the increase in the Company's total revenues over the comparable quarter in the prior year is the increase in sales volume of 219,000 tonnes. Realized revenues per tonne were adversely affected by a stronger Canadian dollar and lower sales prices compared to the quarter ended December 31, 2006.

For the nine month period ended December 31, 2007, total sales revenues were $177,198,000 from the sale of 2,178,000 tonnes of coal. The average price per tonne realized during the period was $81.36 or US$78.05.

The primary reason for the increase in the Company's total revenues over the comparable period in the prior year is the increase in sales volume from the Perry Creek mine as sales have been made from this mine during the nine months ending December 31, 2007 compared to only three months in the nine month period ending

December 31, 2006. Realized revenues per tonne were adversely affected by a stronger Canadian dollar and lower sales prices compared to the period ended December 31, 2006.

**Cost of goods sold**

Cost of goods sold for the three months ended December 31, 2007 totaled $63,064,000 or $91.00 per tonne compared to $46,795,000 or $98.72 per tonne in the third quarter of fiscal 2006. Cost of goods sold includes cost of production, transportation, and depletion, amortization and accretion charges as presented in the table below:

| *(In thousands of Canadian dollars)* | **December 31, 2007** | **$/tonne** | **December 31, 2006** | **$/tonne** |
|---|---|---|---|---|
| Cost of production | $ 38,762 | $ 55.93 | $ 30,049 | $ 63.39 |
| Transportation and other | 17,194 | 24.81 | 12,046 | 25.41 |
| Depletion, amortization and accretion | 7,108 | 10.26 | 4,700 | 9.92 |
| Total cost of goods sold | $ 63,064 | $ 91.00 | $ 46,795 | $ 98.72 |

The decrease in the current quarter's per unit cost of product sold over the comparable prior quarter is due to the production of the Perry Creek mine improving over the prior quarter as the mine has been moving towards a steady state of production. This improvement was offset by a reclassification of costs between cost of product and cost of transportation of approximately $3.90/tonne relating to the first half of the fiscal year relating to the Brule mine. During the quarter ended December 31, 2007, the Company wrote down its coal inventory balance to its net realizable value. This write-down of $641,000 was required due to the strengthening of the Canadian dollar in comparison to the US dollar and higher production costs.

Transportation and other costs are comparable to the period in the prior year.

The increase in per unit cost of depletion, amortization and accretion, is due to the additions made to property, plant and equipment resulting in a higher depreciation base.

For the current quarter, cash costs, a key performance indicator for the industry, were $80.74 per tonne compared to $88.80 per tonne for the quarter ended December 31, 2006. The decrease was primarily due to the Perry Creek mine moving towards a steady state of production, as described above.

**Operating (loss) profit from mining operations**

The operating loss from mining operations for the quarter ended December 31, 2007 was $7,932,000 as compared to an operating profit of $1,881,000 in the same quarter last year.

**Other expenses**

Other expenses, for the quarter ending December 31, 2007, were $12,029,000 and include the following:

| *(In thousands of Canadian dollars)* | Three months ending December 31, | | Nine months ending December 31, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| General, administration and selling | $3,805 | $3,661 | $12,708 | $10,149 |
| Coal exploration | 1,809 | 2,310 | 3,614 | 6,317 |
| Interest, accretion and financing fees | 5,380 | 5,163 | 17,258 | 5,169 |
| Abandoned transaction expense | - | 54 | - | 674 |
| Investment impairment | - | - | 1,500 | - |
| -Terminated contract expense | - | - | 2,590 | - |
| Other expenses (income) | 2,226 | 765 | (8,410) | (275) |
| Total other expenses | $13,220 | $11,953 | $29,260 | $22,034 |

General, administration and selling costs for the quarter ended December 31, 2007 increased by $144,000 or 4% to $3,805,000 over the same period in the prior fiscal year. The increase is primarily due an increase in salaries, benefits and other remuneration, an increase in insurance premiums resulting from the addition of equipment and the construction of the Perry Creek mine infrastructure and an increase in amortization as a result of additions to property, plant and equipment at the corporate level. These increases are partially offset by lower sales and marketing costs as during the quarter ended December 31, 2006, the Company was required to pay royalties on its Perry Creek mine sales. Also, stock-based compensation is lower as during the quarter ended December 31, 2006, 190,000 stock options were granted to senior management whereas no options were granted during the corresponding period in the current fiscal year.

Coal exploration expenditures for the quarter ended December 31, 2007, including the Company's proportionate share of expenses recorded by the Partnership of $191,000, decreased to $1,809,000 from $2,310,000 in the same quarter in the prior fiscal year. Coal exploration costs include property development expenditures, field programs, consultants, coal license and lease payments, engineering, environmental costs and other project administration expenses. Exploration costs are charged to earnings in the quarter in which they are incurred, except where these costs related to specific properties for which economically recoverable reserves have been established, in which case they are capitalized.

Interest and accretion on the Company's convertible debentures, interest on the Company's debt facilities and capital leases, all of which relate to the Wolverine Project, commenced being charged to operations effective October 1, 2006, when the Perry Creek Mine was determined to have reached commercial production. For the quarter ended December 31, 2007, interest and accretion on long-term debt were $5,491,000 (2006 – $5,163,000).

The Company is in compliance with the amended November 29, 2007 credit agreement. The Company is also in the process of refinancing the debt facility with the goal of establishing a long-term debt structure that provides the Company with increased flexibility.

Other expenses amounted to $2,226,000 for the quarter ended December 31, 2007, as compared to other expenses $765,000 in the prior year. Other expense for the period ended December 31, 2007 consisted of $2,746,000 of realized forward exchange losses, $229,000 of interest income and $291,000 of miscellaneous income. Other expense for the period ended December 31, 2006 consisted of interest income of $669,000 and $1,434,000 of foreign exchange losses.

**Net (loss) income**

Net loss for the quarter ended December 31, 2007 was $21,263,000 compared to a net loss of $10,072,000 for the same period in the previous fiscal year. Net loss period reflects: an operating loss of $7,932,000; other expenses totaling $13,220,000 including general, administrative and selling expenses; coal exploration; and interest, accretion and financing fees on long-term debt.

**Market Outlook**

The financial performance of the Company is strongly influenced by the price of metallurgical coal, which is set in a highly competitive marketplace and impacted by numerous factors outside the control of the Company. These include the demand for steel, developments in mining technology, infrastructure and transportation capacity constraints, fluctuations in currency, interest rates, political stability and overall economic growth.

With continued strong economic growth, the global demand for hard coking coal is hampered by supply constraints on producers; the continued shortage of transportation infrastructure in the major coal producing countries, coupled with scarcity of key mining inputs such as skilled labour and mining equipment, have once again skewed the supply-demand balance in favour of the producers. This situation has been exacerbated by the recent major flooding that has occurred in Australia (a major coal producing country) and by China curtailing coal exports. Until last year, China was a net coal exporter. This trend was evident in 2007, with spot prices moving upwards as the year progressed, enabling Australian and Canadian producers to achieve 2007 spot prices in the range US$120 - $200/tonne. The latest market spot contract signed by another coal producer as reported by an industry trade publication was US$275 per tonne. These spot levels have influenced expectations for 2008 pricing, with some industry analysts predicting a price in excess of US$160/tonne for the Prime Australian coking coals, which is as much as 70% higher than current coal year contracts.

A similar situation exists in the supply-demand balance for ULV PCI coals. Constraints on mine production in key supply areas in 2007 have coincided with increased demand. Adding to this are recent thermal coal price increases in excess of US$100 per tonne, which will impact PCI pricing in that PCI coals, with lower ash and higher heat values, command a substantial price premium above thermal coal prices. For the coal year 2008, industry analysts are projecting that ULV-PCI coal prices may be in excess of US$125 per tonne.

In the longer term, the Company believes that the market fundamentals for metallurgical coal will provide substantial opportunity to increase market diversity and market share. The Company's Wolverine hard coking coal has received positive reviews from some of the world's leading steel mills. The Company's Burnt River ultra-low volatile PCI coal is consistently ranked in the top three PCI coals worldwide and has experienced unparalleled demand. These coals, in conjunction with highly efficient rail and port infrastructure, which has excess capacity, provides to the Company a strategic advantage to grow and diversify.

Long term pricing for coking coal and PCI will continue to be influenced by the balance in supply and demand, and by the need for an adequate return on capital required by new coal supply sources. Therefore, the Company believes long-term prices for metallurgical coal will be higher on average than historical prices and as such will be reviewing the resource/reserve estimates at its mines.

## Guidance

The Company's ultra-low volatile PCI coal has been sold to major steel mills in Asia, Europe and South America and its Wolverine hard coking coal is being placed in similarly diverse and growing markets. Long term supply agreements ranging from three to five years in duration have been concluded with three top tier steel mills for 700,000 tonnes per year of the planned output of the Brule mine, and approximately 550,000 tonnes per year of planned production from the Wolverine mine for fiscal 2009.

At the onset of the 2008 fiscal year, both production and rail service have achieved targeted levels. With resources now fully deployed for coal year 2007 (the Company's fiscal 2008), the Company anticipates 2.1 million tonnes of production from the Perry Creek Mine, of which approximately 1.9 million tonnes will be marketed as Wolverine hard coking coal. The Company expects to produce 1.3 million tonnes of PCI coal from the Brule mine during the 2008 fiscal year.

The Company expects to have materially delivered on all of its fiscal 2008 sales commitments by the end of the quarter ending March 31, 2008. As a result, the Company will be in a position to benefit from the higher 2008 coal year prices in the first quarter of fiscal 2009.

## Conference Call

The Company will be hosting a conference call to discuss the third quarter 2008 operating results at 8:00am (PST) on February 15, 2008. To participate on the call, dial either 1-800-732-9307 or 416-644-3416. The call will also be webcast live on the Company's website at www.westerncoal.com.

## About Western Canadian Coal

Western Canadian Coal Corp. produces 3.4 million tonnes of high quality metallurgical coal from two mines located in the northeast of British Columbia. The company also has interests in various coal properties in northern and southern British Columbia and a 50% interest in the Belcourt Saxon Limited Partnership, which was formed to explore and develop the Belcourt and Saxon group of properties in northern BC. Currently, these properties provide the company with an estimated 25 years of coal reserves at current production levels.

### 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 the Company's construction schedule or 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.**
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**President and Chief Executive Officer**

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