



Western Canadian Coal

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*News Release*

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## **WESTERN CANADIAN COAL ANNOUNCES FOURTH QUARTER 2008 AND FISCAL 2008 OPERATING RESULTS**

**Vancouver, B.C., June 17, 2008 – Western Canadian Coal Corp. (TSX: WTN, WTN.DB & WTN.WT and AIM: WTN)** announces its operating results for the three and twelve month periods ending March 31, 2008. Caused by difficult winter weather conditions and a continued labour shortage, the Company faced reduced production volumes and higher production costs in the fourth quarter ending March 31, 2008. However, 2008 was a record year for sales and production with over 300 per cent. increases over the past two years. 2008 was also the second year of a five-year growth plan towards annual production target of 7 million tonnes.

Sales for 2008 were \$252.5 million or 88% higher than the prior year. Coal volumes sold for the year were 3,043,000 tonnes or 116% higher. The average realized price was \$82.97 per tonne in 2008, 13% lower than in 2007 due to the stronger Canadian dollar, the impact of being a new coal producer and previously contracted coal prices. Coal volumes produced were 3,007,000 tonnes in the year, or 126% higher than the prior year. Cash costs for the year were \$86.10 per tonne, or 7% higher than the prior year's cash costs.

Sales for the fourth quarter 2008 were \$75.3 million or 37% higher than the third quarter 2008. Coal volumes sold for the fourth quarter were 865,000 tonnes or 25% higher than the third quarter. The average realized price of \$87.04 per tonne in the quarter was 9% higher than the third quarter.

In the final quarter of 2008, the Company suffered higher cash costs for production due to lower production volumes, which were exacerbated by extreme winter conditions in its Northern British Columbia mines, and a continued shortage of experienced labour. Cash costs for the fourth quarter 2008 were \$94.50 per tonne or 17% higher than the third quarter's cash costs. Coal volumes produced were 672,000 tonnes in the quarter or 13% lower than the prior quarter.

Net loss for the year was \$106.0 million or a loss per share of \$0.95 as compared to a net loss of \$13.0 million or a loss per share of \$0.14 in 2007. The 2008 results include \$23.6 million, or \$0.21 per share of one-time adjustments. These adjustments include the write-off of future income taxes, terminated contract expense, investment impairment, abandoned transaction expenses and penalty fees on long-term debt. Losses were also impacted by the strengthening Canadian dollar in relation to the US dollar. During fiscal 2008, the Canadian dollar strengthened by over 10%, which impacted revenues by \$29 million.

Turning to fiscal 2009 contractual hard coking coal agreements reached prices of over US\$300 per tonne, or 253% higher than the prior year pricing. Ultra-low volatile PCI pricing for fiscal 2009 have been settled at prices of US\$248 per tonne, which are over 267% higher than prior year contracts. All of the Company's expected hard coking coal production and ultra low-vol PCI production for fiscal year 2009 is already under contract and will be sold at these prices.

On March 31, 2008, shareholders approved the acquisition of the Willow Creek mine at Falls Mountain Coal Inc. The acquisition allows the Company to begin the work needed to commence production of ultra low-volatile PCI coal in the third fiscal quarter of 2009 at an annual rate of 900,000 per year.

“Overall, 2008 was a watershed year for the Company”, said Mr. John Hogg, President and CEO of Western Canadian Coal Corp. “We have continued our rapid growth in coal production with a three-fold increase in just two years. We believe we can continue that rapid growth in these strong market conditions as we work towards our goal of producing over 7 million tonnes of coal per year by 2012. The Company was able to satisfy 95% of its 2008 coal year contractual commitments in fiscal 2008 with the remaining volumes sold by May 2008. Therefore, the Company will be in a position to benefit from the record 2008 coal year prices in the first quarter of fiscal 2009. With record coal prices this year now expected to continue into the next fiscal year, Western Canadian Coal expects to generate high positive cash flows in the near term and for the upcoming years.”

## News Release

This news release is prepared as at June 17, 2008 and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2008 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 audited financial statements and MD&A and the interim financial statements and MD&As for the periods referred to above are available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile.

## Financial Summary - unaudited:

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

	March 31, 2008		March 31, 2007	
Cash & cash equivalents	\$	14,137	\$	35,272
Inventory		24,173		28,522
Other current		16,242		29,803
Total Assets		453,324		438,575
Current liabilities	\$	126,891	\$	75,063
Long-term liabilities		207,443		190,130
Shareholders' equity		118,990		173,382

  

	Three months ending		For the year ending	
	March 31,		March 31,	
	2008	2007	2008	2007
Tonnes sold	865,000	474,000	3,043,000	1,410,000
Revenue	\$ 75,291	\$ 44,760	\$ 252,489	\$ 134,121
Cost of goods sold	90,495	45,869	293,128	125,231
(Loss) profit from mining operations	(15,204)	(1,109)	(40,639)	8,890
Other expenses	22,597	5,965	51,968	27,999
Income tax expense (recovery)	-	(3,785)	13,380	(6,124)
Net income (loss)	\$ (37,801)	\$ (3,289)	\$(105,987)	\$ (12,985)
Earnings (loss) per share, basic	\$ (0.33)	\$ (0.03)	\$ (0.95)	\$ (0.14)
Earnings (loss) per share, diluted	\$ (0.33)	\$ (0.03)	\$ (0.95)	\$ (0.14)
Average coal prices realized (US\$ per tonne)	\$ 86.84	\$ 79.16	\$ 80.67	\$ 82.99
Average cash cost (C\$ per tonne)	\$ 94.50	\$ 86.55	\$ 86.10	\$ 80.80
Production (tonnes)	672,000	496,000	3,007,000	1,331,000

Average CAD/USD rate	1.0023	1.1688	1.0286	1.1461
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Included in the above balances and results are the Company's proportionate share of its interest in the results from the Belcourt Saxon joint venture.

## Revenues

For the quarter ended March 31, 2008, total revenues were \$75,291,000 from the sale of 865,000 tonnes of coal. The average sales price was \$87.04 or US\$86.84 per tonne. Revenues for the quarter ended March 31, 2007 of \$44,760,000 were realized on sales of 474,000 tonnes of coal with an average price of \$92.52 or US\$79.16 per tonne.

For the year ended March 31, 2008, total revenues were \$252,489,000 from the sale of 3,043,000 tonnes of coal. The average price per tonne realized during the year was \$82.97 or US\$80.67 while for the year ended March 31, 2007, total revenues were \$134,121,000 from the sale of 1,410,000 tonnes of coal. The average price per tonne realized during the period was \$95.12 or US\$82.99.

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 for the full twelve months in fiscal 2008 compared to only six months in the prior fiscal year. Realized revenues per tonne were adversely affected by a stronger Canadian dollar and lower sales prices compared to the year ended March 31, 2007.

## Cost of goods sold

Cost of goods sold for the quarter ended March 31, 2008, including costs of product, transportation, and depletion, amortization and accretion charges totaled \$90,495,000 or approximately \$104.62 per tonne compared to \$45,868,000 or approximately \$96.77 per tonne in the fourth quarter of fiscal 2007. Cost of goods sold includes cost of production, transportation, and depletion, amortization and accretion charges as presented in the table below:

<i>(In thousands of Canadian dollars)</i>	<b>For the three months ending March 31,</b>				<b>For the years ending March 31,</b>			
	<b>2008</b>	<b>\$/tonne</b>	<b>2007</b>	<b>\$/tonne</b>	<b>2008</b>	<b>\$/tonne</b>	<b>2007</b>	<b>\$/tonne</b>
Cost of production	\$ 59,236	\$ 68.48	\$ 28,027	\$ 59.13	\$ 180,165	\$ 59.21	\$ 73,947	\$ 52.44
Transportation and other	22,503	26.02	12,997	27.42	81,840	26.89	39,991	28.36
Depletion, amortization and accretion	8,756	10.12	4,845	10.22	31,123	10.23	11,293	8.01
Total cost of goods sold	\$ 90,495	\$ 104.62	\$ 45,869	\$ 96.77	\$ 293,128	\$ 96.33	\$ 125,231	\$ 88.81

The increase in the current year's per unit cost of product sold over the comparable prior year is due to the slower than anticipated start-up of the Perry Creek mine and the requisite processing required on the Perry Creek hard coking coal through the coal preparation plant. Further, an inventory write-down of \$7,254,000 was recorded during the period to write down the inventory to its net realizable value, which occurred in part due to the strengthening of the Canadian dollar.

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

The increase in the period is due to the additional depletion, amortization and accretion charges related to the Perry Creek mine assets that have been acquired during the year ended March 31, 2008.

For the current quarter, cash costs, a key performance indicator for the industry, were \$94.50 per tonne compared to \$86.55 per tonne for the quarter ended March 31, 2007. For the year, cash costs were \$86.10 per tonne compared to \$80.80 per tonne compared to the year ending March 31, 2007.

### Operating loss from mining operations

The operating loss from mining operations for the fourth quarter of 2008 was \$15,204,000, including depletion, amortization and accretion of \$8,756,000 as compared to an operating loss of \$1,109,000, including depletion, amortization and accretion of \$4,845,000 in the same quarter last year.

Operating loss from mining operations for the year ended March 31, 2008 was \$40,639,000 including depletion, amortization and accretion of \$31,123,000 compared to an operating profit from mining operations for the year March 31, 2007 of \$8,890,000 including depletion, amortization and accretion of \$11,293,000.

### Other expenses

Other expenses, for the quarter ending March 31, 2008, were \$20,905,000 and include the following:

<i>(In thousands of Canadian dollars)</i>	Three months ending		For the years ending	
	March 31,		March 31,	
	2008	2007	2008	2007
General, administration and selling	\$9,804	\$3,690	\$22,512	\$13,839
Coal exploration	1,197	422	4,811	6,739
Interest, accretion and financing fees	9,893	5,356	27,262	10,525
Investment impairment	1,819	-	3,319	-
Terminated contract expense	-	(907)	2,590	-
Other expenses (income)	(116)	(2,596)	(8,526)	(2,871)
<b>Total other expenses</b>	<b>\$22,597</b>	<b>\$5,965</b>	<b>\$51,968</b>	<b>\$27,999</b>

General, administration and selling costs increased by \$6,114,000, or 169%, to \$9,804,000 for the quarter ended March 31, 2008 as compared to \$3,690,000 for the quarter ended March 31, 2007. The increase is primarily related to the stock based compensation that was recorded during the quarter resulting from stock option grants in the fourth quarter of fiscal 2008.

Coal exploration expenditures for the three months ended March 31, 2008 increased to \$1,197,000 from \$422,000 in 2007. Exploration costs are charged to earnings in the period in which they are incurred, except where these costs relate to specific properties for which economically recoverable reserves have been established, in which case they are capitalized. Exploration expenditures for the three months ended March 31, 2008, included the Company's proportionate share of expenses recorded by the Partnership of \$127,000 (2007 – \$367,000), relate to properties on which the capitalization criteria have not been met.

Interest, accretion and deferred financing fees on long-term debt increased to \$9,893,000 compared to \$5,356,000 in 2007. This increase is due to the penalty fees incurred by the Company during the quarter and the adjustment of the accretion of the long-term debt as a result of the change in its estimated life.

An additional investment impairment of \$1,819,000 was recorded for the quarter ended March 31, 2008. The Company has reassessed the fair value of these instruments based on the available information

regarding current market conditions, the underlying assets of the Company's existing trusts and indicative values contained in the report issued by J.P. Morgan.

Other income amounted to \$116,000 for the three-month period ended March 31, 2008, a decrease of \$2,596,000 over the same period ending March 31, 2007. The majority of the decrease relates to unrealized gains recognized on the outstanding forward contracts at the end of fiscal 2007 in the amount of \$2,363,000.

### **Net loss**

Net loss for the quarter ended March 31, 2008 was \$37,801,000 compared to \$3,289,000 for the same period in the prior year. Net loss before tax for the fourth quarter of 2008 primarily reflects an operating loss of \$15,204,000, general, administration and selling costs of \$9,804,000, coal exploration of \$1,197,000, interest, accretion and financing fees on long-term debt of \$9,892,000, investment impairment of \$1,891,000 and other income of \$114,000.

Net loss for the year ended March 31, 2008 was \$105,987,000 compared to a net loss of \$12,985,000 for the prior year.

### **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.

The global demand for metallurgical coal rose sharply in late 2004 and early 2005, as crude steel production expanded in pace with buoyant economic growth, particularly in China, India and other developing countries. At the same time a number of supply setbacks occurred and as a result, prices for hard coking coal ("HCC") rose sharply for the 2005/2006 coal year, to US\$125 per tonne FOB from the high US\$50s in the previous year. With the announcement of new coal mine developments (spurred by record coal prices) and with steel mills subsequently drawing down inventories built up in early 2005 as security against supply disruption, imported coking coal demand fell, resulting in prices retreating to between US\$95 - \$115 FOB per tonne in the 2006/2007 coal year. The continuance of a supply surplus into January 2007 resulted in settlements for the 2007/2008 coal year falling further to US\$85 - \$98 per tonne, depending on the valuation of each brand by steel producers.

With continued strong economic growth, driven mainly from China and India, the global supply of hard coking coal continues to adjust to increased demand; however, the continued shortage of transportation infrastructure in the major coal producing countries, coupled with scarcity of key mining inputs such as skilled labour, mining equipment and in some areas basic inputs like water, have in recent years skewed the supply-demand balance in favour of the producers. This trend was evident in 2007, with spot prices moving upwards as the year progressed, enabling Australian and Canadian producers to achieve 2007 spot fixtures in the range US\$120-200/tonne FOB by early December 2007. In January 2008, and then again in early February, the market experienced major disruptions in the supply of Australian metallurgical coal, following two severe flooding events in Queensland. Then an unusual snow storm in China suspended coal exports and further tightened metallurgical coal supply. As a result, spot prices rose to unprecedented levels and have exceeded \$350/tonne FOB for hard coking coal. In this environment, the majority of coal suppliers have settled their 2008 contract prices at an average of US\$300/tonne. On May 7, 2008, the Company advised that it had settled a majority of its 2008 contracts for hard coking coal at an average of US\$300 per tonne, which is approximately 253% higher than 2007 contract prices.

A similar situation exists in the supply-demand balance for ultra-low volatile PCI (“ULV-PCI”) coals. Constraints on mine production in key supply areas in 2007 and into 2008 have coincided with continued demand increases. On May 7, 2008, the Company announced that a majority of its 2008 contracts for its ULV-PCI coal had been settled at approximately US\$248 per tonne FOB, which is 267% higher than 2007 pricing.

In the longer term, the Company believes that the market fundamentals for metallurgical coal will provide substantial opportunity to further increase market diversity and market share. The Company’s Wolverine hard coking coal is now firmly established as a blend component with the world’s leading steel mills. The Company’s Burnt River ULV-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 with excess capacity, provides to the Company a strategic advantage to grow and diversify.

Long term pricing for hard coking coal and ULV-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.

### ***Guidance***

The Company’s Wolverine hard coking coal and Burnt River ULV- PCI coals have been sold to major steel mills throughout Asia, Europe and South America and its Wolverine hard coking coal is being placed in similarly diverse and growing markets. Long term supply agreements have been concluded with top tier steel mills for 100% of the 2008 planned output of the Brule mine and the Wolverine mine.

At the onset of the 2009 fiscal year, both production and rail service have achieved targeted levels. With resources now fully deployed for coal year 2008 (the Company’s fiscal 2009), the Company anticipates approximately 2 million tonnes of production from the Perry Creek Mine, of which approximately 1.9 million tonnes will be marketed as Wolverine hard coking coal while the balance will be marketed as Wolverine Mid-Vol PCI. The Company anticipates 1.3 million tonne of production from the Brule mine.

In addition to this, recommencement of mining at the Willow Creek metallurgical coal mine is scheduled in by the start of the fourth calendar quarter of 2008, at a rate of approximately 60,000 tonnes per month for ULV-PCI. The majority of this forecast ULV-PCI production has also been committed to major international steelmills.

All of the Company’s expected hard coking coal production and ultra low-vol PCI production for fiscal year 2009 is already under contract and will be sold at the prices described above.

### **Conference Call**

The Company will be hosting a conference call to discuss the fourth quarter 2008 operating results at 12:30pm (PST) on June 19, 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](http://www.westerncoal.com).

### **Annual General Meeting**

The Company will be holding its Annual General Meeting September 4, 2008 in Vancouver, BC at the Metropolitan Hotel. The meeting will be webcast live on the Company’s website at [www.westerncoal.com](http://www.westerncoal.com).

### **About Western Canadian Coal**

Western Canadian Coal Corp. produces 3.7 million tonnes of high quality metallurgical coal from three 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 15 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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