



Western Canadian Coal

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News Release

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WESTERN CANADIAN COAL ANNOUNCES RECORD EARNINGS IN FIRST QUARTER 2009 RESULTS

Vancouver, B.C., August 13, 2008 – Western Canadian Coal Corp. (TSX: WTN, WTN.DB & WTN.WT and AIM: WTN) (“Western” or the “Company”) announces its operating results for the three month period ending June 30, 2008. During the first quarter of fiscal 2009, higher coal prices moved the Company firmly into a record net income position. The balance sheet was also strengthened considerably as a result of strong cash flow generation, conversion of convertible debentures, the securing of long-term bank financing and the subsequent repayment of short-term bridge financing.

The Company earned income from mining operations of \$53 million in the first quarter of 2009, an increase from a loss in mining operations of \$4 million in a similar period of the previous year. The increase was achieved because of higher coal prices realized from the current coal year contracts, which resulted in coal sales of \$130 million. These sales were 140% higher than in the same quarter a year ago.

Coal volumes sold for the first quarter fiscal 2009 were 583,000 tonnes or 7% lower than the first quarter fiscal 2008. The average realized price of \$224 per tonne in the current quarter was 166% higher than the same quarter of 2008. Approximately 159,000 tonnes of coal sold in the quarter, representing 27% of sales, was at last year’s coal prices, which averaged \$83 per tonne, with the balance sold at current year prices of US \$300 per tonne for hard coking coal and US \$248 for the low-vol PCI coal. All sales going forward in this fiscal year are at the new prices.

Net income for the first quarter 2009 was almost \$60 million or earning per share of \$0.42 and \$0.27, on a basic and diluted basis respectively. As a result of the return to profitability and the visibility of earnings going forward, a \$24 million of a possible \$33 million future income tax asset which was previously written down was recovered during the quarter.

During the quarter, coal production was 614,000 tonnes or 23% lower than in the first quarter of 2008. As a result of the lower coal production volumes, higher mining contractor cost and increased fuel costs during the quarter, the Company suffered higher cash costs for production. Cash costs for the first quarter 2009 were \$120 per tonne versus \$81 per tonne in the first quarter 2008; however cash costs going forward are expected to decrease as the strip ratio improves over the coming months. The quarter’s lower coal production was consistent with the Company’s plans to use a higher coal price environment to focus on waste rock removal. Due to lower coal prices and productivity issues in the previous year, the Company did not remove the required amount of waste rock.

In the quarter ending June 30 2008, the Company increased its removal of waste material by 47% over the same quarter a year ago. Once past this phase of rock removal, the Company expects to achieve monthly production targets by the end of the second quarter 2009. The

Company expects to produce 1.7 million tonnes of hard coking coal, 0.2 million tonnes of mid-vol PCI coal and 1.6 million tonnes of low-vol PCI coal in fiscal 2009.

“While it may not show up in the amount of coal produced this quarter, I am pleased with the improved productivity levels being achieved at the mines,” said Mr. John Hogg, President and CEO of Western Canadian Coal Corp. “We have increased productivity at the Wolverine operation, while Brule continues to meet all expectations at its higher operating rates. Once past this phase of waste rock removal at Wolverine, we’ll see coal production increase and we are confident that we will meet our production and cost goals for the year.”

Mr. Hogg continues, “The second quarter is expected to be stronger as we achieve the full benefit of the current high coal price for all of our production, expect an improvement in the ratio of clean coal produced to waste removed and lower our mining costs.”

News Release

This news release is prepared as at August 13, 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 First Quarter Report and MD&A for the three months ending June 30, 2008 are available on SEDAR at www.sedar.com under the Company's profile.

Financial Summary - unaudited:

<i>(In thousands of Canadian dollars, except tonnes and per share data)</i>	June 30, 2008	March 31, 2008
Cash & cash equivalents	\$ 16,483	\$ 14,137
Inventory	28,855	24,173
Other current	62,042	16,242
Total Assets	532,017	453,324
Current liabilities	\$ 105,239	\$ 126,891
Long-term liabilities	156,690	207,443
Shareholders' equity	270,088	118,990
	Three months ending June 30, 2008	2007
Tonnes sold	583,000	629,000
Revenue	\$ 130,393	\$ 54,214
Cost of goods sold	77,417	58,187
Income (loss) from mining operations	52,976	(3,973)
Other expenses	16,055	282
Income tax recovery (expense)	22,784	1,198
Net income (loss)	\$ 59,705	\$ (3,057)
Earnings (loss) per share, basic	\$ 0.42	\$ (0.03)
Earnings (loss) per share, diluted	\$ 0.27	\$ (0.03)

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 three month period ended June 30, 2008, total sales revenues were \$130,393,000 from the sale of 583,000 tonnes of coal of which 159,000 tonnes were carryover tonnage from the previous coal year at the 2007 coal year prices. The average price per tonne realized during the period was \$223.66 or US\$220.96.

For the three month ended June 30, 2007, total sales revenues were \$54,214,000 from the sale of 629,000 tonnes of coal. The average price per tonne realized during the period was \$86.19 or US\$78.36.

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 price realized. The increase in sales price is a result of higher coal contract prices, which was offset by lower sales volume and a weaker US dollar.

Cost of goods sold

Cost of goods sold for the quarter ended June 30, 2008, including costs of product, transportation, and depletion, amortization and accretion charges totaled \$77,417,000 or approximately \$132.79 per tonne compared to \$58,187,000 or approximately \$92.51 per tonne in the first 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>	June 30, 2008	\$/tonne	June 30, 2007	\$/tonne
Cost of production	\$ 53,065	\$ 91.02	\$ 35,153	\$ 55.89
Transportation and other	16,711	28.66	16,087	25.58
Depletion, amortization and accretion	7,641	13.11	6,947	11.05
Total cost of goods sold	\$ 77,417	\$ 132.79	\$ 58,187	\$ 92.52

The increase in the current period's per unit cost of product sold over the comparable prior period is due to lower production volumes from the Company's Perry Creek Mine and inflation in mining input costs, specifically fuel costs and mining contractor costs.

Transportation and other costs have increased due to an increase in contracted transportation costs.

Depletion, amortization and accretion has increased due to the additional depletion, amortization and accretion charges related to the Perry Creek mine assets that have been acquired during the last nine months of fiscal 2008.

For the current quarter, cash costs, a key performance indicator for the industry, were \$119.68 per tonne compared to \$81.47 per tonne for the quarter ended June 30, 2007. This is expected to decrease as the stripping ratio improves over the coming months.

Income from mining operations

Income from mining operations for the three months ended June 30, 2008 was \$52,976,000. This was the result of revenues from 583,000 tonnes of coal at an average price of \$223.66/tonne for total revenues of \$130,393,000, net of cost of goods sold of \$77,417,000 at an average cost of \$132.79/tonne.

Other expenses

Other expenses, for the quarter ending June 30, 2008, were \$16,055,000 and include the following:

<i>(In thousands of Canadian dollars)</i>	Three months ending June 30,	
	2008	2007
General, administration and selling	\$ 6,235	\$ 3,917
Coal exploration	563	799
Interest and financing fees on long-term debt	9,759	5,667
Unrealized gain on forward currency contracts	-	(8,028)
Other income	(502)	(2,073)
Total other expenses	\$ 16,055	\$ 282

General, administration and selling costs for the three month period ended June 30, 2008 increased by \$2,318,000 or 59% over the same period in the prior fiscal year. The increase is primarily due to an increase in consulting, sales and marketing and salaries, benefits and other remuneration. Consulting expenses have increased as the Company hired various consultants in connection with the strategic review and process improvement at the Perry Creek mine. Sales and marketing expenses, which are a function of coal sales, has increased due to the higher sales price received on the Company's coal in the first three months of fiscal 2009 when compared to fiscal 2008. Changes in salaries, benefits and other remuneration expenses are based on the Company's compensation programs.

Coal exploration expenditures for the three month period ended June 30, 2008, including the Company's proportionate share of expenses recorded by the Partnership of \$217,000, decreased to \$563,000 from \$799,000 in the same period 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.

For the three month period ended June 30, 2008, interest, accretion and financing fees on long-term debt were \$9,759,000 compared to \$5,667,000 in the same period in the prior fiscal year. This increase was a result of interest and accretion charges relating to the US\$40,372,000 convertible debenture which was issued in November 2007 and the bridge financing of US\$30,000,000 with related finance fee costs issued in April 2008. The non-cash accretion of liabilities, including accretion of financing fees, was \$5,036,000 for the three months ended June 30, 2008 (2007 - \$1,054,000).

For the three month period ended June 30, 2008, the Company did not record any unrealized gains on forward currency contracts compared to a gain of \$8,028,000 in the same period in the prior fiscal year. At June 30, 2008, the Company did not have any outstanding forward contracts.

Other income amounted to \$502,000 for the three month period ended June 30, 2008 as compared to other income of \$2,073,000 in the prior year. Other income for the three month period ended June 30, 2008 consisted of \$237,000 of interest income, \$284,000 of unrealized fair value adjustment gain on embedded derivatives and \$19,000 of foreign exchange losses. Other income for the three month period ended June 30, 2007 consisted of \$1,521,000 of realized forward exchange gains on both forward currency contracts and transactions, \$649,000 in interest on short term investments and \$97,000 in miscellaneous expenses.

Net Income

Net income for the three month period ended June 30, 2008 was \$59,705,000 compared to a net loss of \$3,057,000 for the same period in the prior fiscal year. The net income reflects: an income from mining operations of \$52,976,000; other expenses totaling \$16,055,000 including general, administration and selling expenses; coal exploration; interest, accretion and financing fees on long-term debt; other income; and an income tax recovery of \$22,784,000 reflecting a current income tax expense of \$1,076,000 and a future income tax recovery of \$23,860,000. The income tax recovery represents the unrecognized future income tax asset to be realized as a result of it being more likely than not that sufficient future taxable income will be available to utilize such tax assets, in accordance with CICA Handbook Section 3465 "Income Taxes."

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 demand for hard coking coal continues to rise; 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, has 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 and February 2008, the market experienced major disruptions in the supply of Australian metallurgical coal, following two severe flooding events in Queensland. This was followed by an unusual snow storm in China, which suspended coal exports and further tightened metallurgical coal supply. As a result, spot prices rose to unprecedented levels and have now exceeded US\$400/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 coal year 2008 (fiscal 2009) 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 coal year 2008 (fiscal 2009) contracts for its ULV-PCI coal had been settled at approximately US\$248 per tonne FOB, which is 267% higher than 2007 pricing.

According to press reports, the last of the 2008 coking coal contracts were recently settled by a major Australian supplier, in the range US\$365-375 per tonne. This supports the Company's belief that current metallurgical coal pricing is not merely a short term phenomenon. This view is shared by numerous market analysts, who are forecasting a further price increase for the 2009 Coal Year (the Company's 2010 fiscal year).

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, provide to the Company a strategic advantage to grow and diversify.

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. 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.

With resources now fully deployed for coal year 2008 (the Company's fiscal 2009), the Company anticipates approximately 1.9 million tonnes of production from the Perry Creek Mine, of which approximately 1.7 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 tonnes of Burnt River ULV-PCI production from the Brule mine.

In addition, recommencement of mining at the Willow Creek metallurgical coal mine is scheduled for the start of the fourth calendar quarter of 2008, building up to a rate of approximately 60,000 tonnes per month of ULV-PCI for a total of 285,000 tonnes in fiscal 2009. The majority of this forecast ULV-PCI production has been contracted to major international steel mills.

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 first quarter 2009 operating results at 7:00am (PST) on August 14, 2008. To participate on the call, dial either 1-800-732-9303 or 416-644-3426. The call will also be webcast live on the Company's website at www.westerncanadiacoal.com.

About Western Canadian Coal

Western Canadian Coal Corp. produces 3.5 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.

"John Hogg"

President and Chief Executive Officer

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