



## Western Canadian Coal

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News Release

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### **WESTERN CANADIAN COAL ACHIEVES RECORD SALES IN SECOND QUARTER 2009 RESULTS**

**Vancouver, B.C., November 13, 2008 – Western Canadian Coal Corp. (TSX: WTN, WTN.DB & WTN.WT and AIM: WTN)** (“Company”) announces its operating results for the three and six month period ended September 30, 2008. During this period, the Company’s financial position continued to strengthen as a result of strong cash flow from operations and continued debt reduction. Net income for the second quarter 2009 was \$44.7 million or earnings per share of \$0.26 and \$0.24, on a basic and diluted basis, respectively. For the six month period ending September 30, 2008, the Company has earned net income of \$104.5 million or earnings per share of \$0.67 and \$0.61 on basic and diluted basis, respectively.

Income from mining operations increased to \$81.9 million in the second quarter of 2009. This compares to the loss from mining operations of \$13.5 million in the similar period of the previous year and income from mining operations of \$53 million in the first quarter of 2009. The increase was achieved primarily as a result of higher coal prices realized from the current coal year contracts, which resulted in record coal sales of \$167.5 million. These sales were 147% higher than in the same quarter a year ago.

Coal shipments for the second quarter fiscal 2009 were 600,000 tonnes or 30% lower than the same quarter in fiscal 2008. The average realized price of \$279 per tonne in the current quarter was 252% higher than the same quarter of 2008. All of the Company’s coal sold in the second quarter of fiscal 2009 was sold at approximately US\$300 per tonne for hard coking coal and US\$248 per tonne for ultra low-volatile PCI (“ULV-PCI”) coal. All sales going forward in this fiscal year are at these prices. These prices are 253% higher for hard coking coal and 267% higher for ULV-PCI coal than the same quarter in fiscal 2008. Approximately 65% of this year’s coal production volume is sold on long-term contracts for the next three to five years.

Income from mining operations in the second quarter of 2009 was higher even though there was a 18% decline in production to 608,000 tonnes. This decline resulted in significantly higher cost increases for the quarter. Cash cost of production were \$131 per tonne for the second quarter of 2009 as compared to \$120 per tonne in the first quarter of 2009 and the \$85 per tonne in the second quarter of 2008. The increase was primarily due to higher stripping ratios at the Wolverine and Brule mines. This resulted in lower productivity and consequently higher cash costs. This was further exacerbated by the chronic labour shortage and abnormally high fuel costs. The Brule Mine’s production was less than expected this quarter due to the fault encountered in the first quarter 2009. As a result the stripping ratio and costs were higher in the second quarter. However, adjustments were made to the mine plan and the Company is on track to recover the production shortfall from the second quarter by the end of the fiscal year.

Due to the global economic uncertainties, the Company is developing a cash preservation plan which includes reviewing all discretionary capital expenditures for the remainder of fiscal 2009

and beyond, and reviewing all non-discretionary spending to contain mining cash costs. This plan also takes into consideration deferring future projects.

With the weakening of the Canadian dollar in relation to the US dollar, the Company entered into US\$338 million foreign exchange forward sale contracts at an average of C\$1.2319 to US\$ 1.00, This represents approximately 65% of the Company's sales for the third and fourth fiscal quarter. With all of the Company's sales in US dollars and expenses primarily in Canadian dollars, the foreign currency contracts protect a significant portion of the Company's cash flows from the downside risk of foreign currency fluctuations.

The balance sheet of the company strengthened considerably in the second quarter. Working capital has increased four-fold since year-end to 1.85: 1.0 and debt to shareholder equity has decreased from 2.81 to 0.53.

"While we are pleased with the operations at the Company's Brule Mine, the performance at the Wolverine operations has been below our high expectations" said Mr. John Hogg, President and CEO of Western Canadian Coal Corp. "With the stripping ratio at Wolverine reaching a high water mark of 19 in the second quarter against the life-of-mine ratio of 10, I am confident that we will get through the waste rock to lower the stripping ratio, get at the coal that is there and lower our costs in the second half of this fiscal year. Given the economic uncertainty and the lack of visibility in coal prices and coal commitments for the next coal year, we are implementing a cash preservation plan to ensure the Company weathers the turmoil and uncertainty in the markets."

Mr. John Byrne, Executive Chairman of Western Canadian Coal Corp. comments, "The Company's strong financial position is underlined by the \$126 million increase in its net working capital position since year-end. The Company has repaid \$31 million of bank debt and its financial strength provides the Company with the flexibility to adjust production to mirror demand. As a consequence, production levels for the coal year commencing April 2009, will be set to meet global metallurgical coal demand and the corresponding market prices."

## **News Release**

This news release is prepared as at November 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 Second Quarter Report and MD&A for the three and six months ending September 30, 2008 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)*

	<b>September 30, 2008</b>	<b>March 31, 2008</b>
Cash & cash equivalents	\$ 21,879	\$ 14,137
Accounts receivable	52,578	11,418
Inventory	38,754	24,173
Total current assets	117,031	54,552
Total assets	543,716	453,324
Current liabilities	\$ 63,261	\$ 126,891
Convertible debentures	60,777	140,411
Other long-term liabilities	64,788	67,032
Shareholders' equity	354,890	118,990
Total liabilities and shareholders' equity	543,716	453,324
Current ratio (current assets/current liabilities)	1.85	0.43
Debt to equity ratio (total debt/shareholders' equity)	0.53	2.81

	<b>Three months ending</b>		<b>Six months ending</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	2008	2007	2008	2007
Tonnes sold	600,000	856,000	1,183,000	1,485,000
Revenue	\$ 167,455	\$ 67,852	\$ 297,848	\$ 122,066
Cost of goods sold	85,546	81,382	162,963	139,569
Income (loss) from mining operations	81,909	(13,530)	134,885	(17,503)
Other expenses	13,284	15,758	29,339	16,040
Income tax recovery (expense)	(23,878)	(14,578)	(1,094)	(13,380)
Net income (loss)	\$ 44,747	\$ (43,866)	\$ 104,452	\$ (46,923)
Earnings (loss) per share, basic	\$ 0.26	\$ (0.38)	\$ 0.67	\$ (0.44)
Earnings (loss) per share, diluted	\$ 0.24	\$ (0.38)	\$ 0.61	\$ (0.44)

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 September 30 2008, total sales revenues were \$167,455,000 from the sale of 600,000 tonnes of coal. The average price per tonne realized during the period was \$279.09 or US\$268.05.

For the three months ended September 30, 2007, total sales revenues were \$67,852,000 from the sale of 856,000 tonnes of coal. The average price per tonne realized during the period was \$79.27 or US\$75.57.

The primary reason for the 147% increase in the Company's total revenues over the comparable period in the prior year is the increase in sales price realized offset by a lower sales volume. The increase in sales price is a result of higher coal contract prices. The foreign exchange rates were comparable between the second quarter of fiscal 2008 and the second quarter of fiscal 2007. The average exchange rate of the US dollar in relation to the Canadian dollar in the quarter ended September 30, 2008 was \$0.96 versus \$0.957 in the comparable quarter ended September 30, 2007.

## Cost of goods sold

Cost of goods sold for the three months ended September 30, 2008, including costs of product, transportation, and depletion, amortization and accretion charges totaled \$85,546,000 or approximately \$142.58 per tonne compared to \$81,382,000 or approximately \$95.07 per tonne in the second 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>September 30, 2008</b>	<b>\$/tonne</b>	<b>September 30, 2007</b>	<b>\$/tonne</b>
Cost of product sold	\$ 56,448	\$ 94.08	\$ 47,014	\$ 54.92
Transportation and other	22,302	37.17	26,056	30.44
Depletion, amortization and accretion	6,796	11.33	8,312	9.71
Total cost of goods sold	\$85,546	\$ 142.58	\$ 81,382	\$ 95.07

Cost of product sold has increased 20% in the current period per unit over the comparable prior period due to lower coal production volumes from the Company's Perry Creek Mine caused by higher stripping ratios and chronic labour shortages and a lower coal yield experienced as a result of the areas being mined. Higher equipment rental costs, higher fuel and explosives costs and higher mining contractor costs also impacted the costs during the period. Fuel costs were approximately 55% higher in the second quarter 2009 than in the second quarter 2008. These are now expected to reduce substantially given the fall in oil prices.

Transportation and other costs have increased due to an increase in contract transportation rates and higher fuel costs. Also, the increased can be attributed to a significant increase in the rail fuel surcharge and the implementation of the British Columbia Provincial Carbon Tax.

Depletion, amortization and accretion has increased due to the additional depletion, amortization and accretion charges related to the Perry Creek mine assets that were acquired or brought into production or commissioned during the last six months of fiscal 2008.

For the second quarter 2008, cash costs, which consist of cost of product and transportation costs, which is considered a key performance indicator for the industry, were \$131.25 per tonne compared to \$85.36 per tonne for the quarter ended September 30, 2007.

## Income from mining operations

Income from mining operations for the three months ended September 30, 2008 was \$81,909,000 or 49% of sales. This compares favourably to the \$13,530,000 loss from mining operations in the three months ending September 30, 2007.

## Other expenses

Other expenses, for the quarter ending September 30, 2008, were \$13,284,000 and include the following:

<i>(In thousands of Canadian dollars)</i>	<b>Three months ending September 30,</b>	
	<b>2008</b>	<b>2007</b>
General, administration and selling	\$6,293	\$ 4,986
Coal exploration	385	1,006
Interest and financing fees on long-term debt	6,828	6,211
Investment impairment	-	1,500
Terminated contract expense	-	2,590
Gains on forward exchange contracts	-	(1,741)
Other income	(222)	1,206
<b>Total other expenses</b>	<b>\$13,284</b>	<b>\$ 15,758</b>

General, administration and selling costs for the three month period ended September 30, 2008 increased by \$1,307,000 or 26% over the same period in the prior fiscal year. The increase is primarily due to an increase in salaries, benefits and other remuneration and sales and marketing costs. The increase in salaries, benefits and other remuneration expenses are based on changes to the Company's compensation programs. Sales and marketing expenses, which are a function of coal sales, have increased due to the higher sales price received on the Company's coal in the second quarter of fiscal 2009 when compared to fiscal 2008.

Coal exploration expenditures for the three month period ended September 30, 2008, including the Company's proportionate share of expenses recorded by the Partnership of \$115,000, decreased to \$385,000 from \$1,006,000 in the same period in the prior fiscal year. For the three months ended September 30, 2008, coal exploration costs consisted of \$115,000 for the Partnership and \$270,000 for other properties whereas in the prior comparable period, the costs consisted of \$287,000 for the Partnership, \$437,000 for the Willow Creek Mine and \$282,000 for other properties. The decrease in coal exploration costs for the Willow Creek Mine relate to the acquisition of FMC and the capitalization of all costs subsequent to the acquisition as it is moved from the development stage to production stage. 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 September 30, 2008, interest, accretion and financing fees on liabilities were \$6,828,000 compared to \$6,211,000 in the same period in the prior fiscal year. This increase was a result of interest and finance fee charges relating to the Company's new finance facilities. As at September 30, 2008, the Company had no bank debt outstanding.

For the three month period ended September 30, 2008, the Company did not record any gains on forward currency contracts compared to a gain of \$1,741,000 in the same period in the prior fiscal year. At September 30, 2008, the Company did not have any outstanding forward contracts.

Other income amounted to \$222,000 for the three month period ended September 30, 2008 as compared to other expense of \$1,206,000 in the prior year. Other income for the three month period ended September 30, 2008 consisted of \$327,000 of interest income, \$153,000 of foreign exchange losses and miscellaneous income of \$48,000. Other expense for the three month period ended September 30, 2007 consisted of \$1,461,000 of realized forward exchange losses on transactions, \$385,000 in interest income on short term investments and \$130,000 in miscellaneous expenses.

## **Net Income**

Net income for the three month period ended September 30, 2008 was \$44,747,000 compared to a net loss of \$43,866,000 for the same period in the prior fiscal year. The net income reflects the previously discussed changes to Income from mining operations and Other expenses and an income tax expense of \$23,878,000 reflecting a current income tax expense of \$1,671,000 and a future income tax expense of \$22,207,000.

## **Market Outlook**

All of the Company's current fiscal 2009 coal production is under contract for sale at approximately US\$300 per tonne for hard coking coal and US\$248 per tonne for its ULV-PCI coal. At the time of the fiscal 2009 coal price negotiations, the US/Canadian dollar exchange rate was at parity. In October 2008, the Company entered into foreign currency contracts totaling US\$338 million to help manage the uncertainty of foreign exchange fluctuations in the market. The contracts were for approximately 65% of its remaining coal sales in fiscal 2009. The contracts mature month through to April 2009. They are at an average rate of C\$1.2319 per US\$1.00.

At this point, the Company is uncertain what impact the current volatility in the global economic market place will have on the demand for high quality metallurgical coal. Some steelmakers have responded to the current economic situation with production cuts. With the uncertainty surrounding the current world economic climate, the Company is closely monitoring the situation.

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 Brule Mine ULV-PCI coal is consistently ranked in the top three PCI coals worldwide. These coals, in conjunction with highly efficient rail and port infrastructure with excess capacity, continue to provide the Company a strategic advantage to grow and diversify.

## **Guidance**

The Company's Wolverine hard coking coal and Brule Mine ULV-PCI coals have been sold to major steel mills throughout Asia and Europe. Long term supply agreements of three to five years in duration have been concluded with top tier steel mills for 65% of the fiscal 2009 planned production.

For fiscal 2009, the Company now anticipates production totaling 3.0 million tonnes of metallurgical coal. Anticipated production consists of approximately 1.6 million tonnes of shipments from the Perry Creek Mine, of which approximately 1.45 million tonnes will be marketed as Wolverine hard coking coal while the balance will be marketed as Wolverine Mid-Vol PCI. The Company anticipates 1.4 million tonnes of ULV-PCI shipments

All of the Company's expected hard coking coal production and ULV-PCI production for fiscal year 2009 is under contract and is expected to be sold at the prices described above.

Cash costs for fiscal 2009 is now expected to be in the range of \$120 to \$125 per tonne.

## Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities during the six month period ended September 30, 2008 resulted in a net increase to cash of \$7,742,000. As at September 30, 2008, the Company's cash balance stood at \$21,879,000 and working capital was \$55,445,000. The increase in the coal prices for fiscal 2009 has resulted in an increase in the Company's working capital levels.

For the six month period ended September 30, 2008, the Company's cash flow from operations, before changes to working capital, was \$123,095,000; financing activities decreased the Company's cash position by \$27,426,000 as the Company repaid over \$38,000,000 of bank and long-term debt during the period; meanwhile, the Company has invested over \$22,295,000 in property, plant and equipment and deposits.

As at September 30, 2008, the Company had not drawn into its short-term credit and has full access to its \$50 million credit facility.

The Company is currently reviewing its production profile and capital expenditures program in light of the current market volatility.

## Conference Call

The Company will be hosting a conference call to discuss the second quarter 2009 operating results at 8:00am (PST) on November 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](http://www.westerncanadiacoal.com).

### **About Western Canadian Coal**

*Western Canadian Coal Corp. produces 3.0 million tonnes of high quality metallurgical coal 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. For more information, visit the Company's website at [www.westerncanadiancoal.com](http://www.westerncanadiancoal.com).*

### **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**

### **For further information:**

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