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WARATAH COAL INC.
LEVEL 5, 60 EDWARD STREET
BRISBANE QLD 4000 AUSTRALIA

WARATAH COAL GRANTS INCENTIVE STOCK OPTIONS

December 7, 2006

TSX Venture Exchange
Trading Symbol: WCI

Waratah Coal Inc. (the "Company"), announces that in conjunction with the Qualifying Transaction announced earlier today and subject to TSX Venture Exchange approval, it has granted 2,145,000 stock options to directors, officers, and consultants of the Company. The options are set for a period of five years and will allow the holder to purchase a share in the Company at a price of \$0.60. Any shares issued on the exercise of these stock options will be subject to a four-month hold period from date of grant.

On behalf of the Board of Directors

"Peter Lynch"

President, Chief Executive Officer and Director

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.