



# Waratah Coal

September 10, 2007

## **675 million-tonne coal resource estimated on newly-granted Waratah permit in Galilee Basin**

Waratah Coal Inc (TSX symbol WCI) today announced it had been granted a new exploration permit in the Galilee Basin in Queensland, Australia, opening the way for the company to begin a major expansion of its drilling program.

The new permit, EPC 1053, covers 300 square kilometres and hosts an inferred resource of 675 million tonnes of thermal coal, as estimated by SRK Consulting in August 2007. This permit is the third tenement granted to Waratah in the Galilee Basin by the Queensland Government, with six applications by Waratah still pending. Referred to as the North Alpha Coal Project, the tenement adjoins the company's existing EPC 1039, known as Pocky Creek, which was granted in March 2007. Waratah now has 1,104 square kilometres granted and 4,827 square kilometres in application in the Galilee Basin.

SRK Consulting, independent technical advisors to Waratah, have analysed data from historical drill holes and estimated 675 million tonnes of thermal coal in the inferred resource category on the northern part of North Alpha:

Seam	Inferred Resources, August 2007		
	Seam Thickness (m)	Tonnage (Mt)	Coal Area (Square Kilometres)
AB	10.10	65	4.7
C	8.70	430	35.5
D1	0.91	5	2.4
D2	2.35	145	43.9
E1	0.78	15	15.6
E2	0.86	10	9.9
E3	1.53	5	1.1
<b>Total</b>		<b>675</b>	



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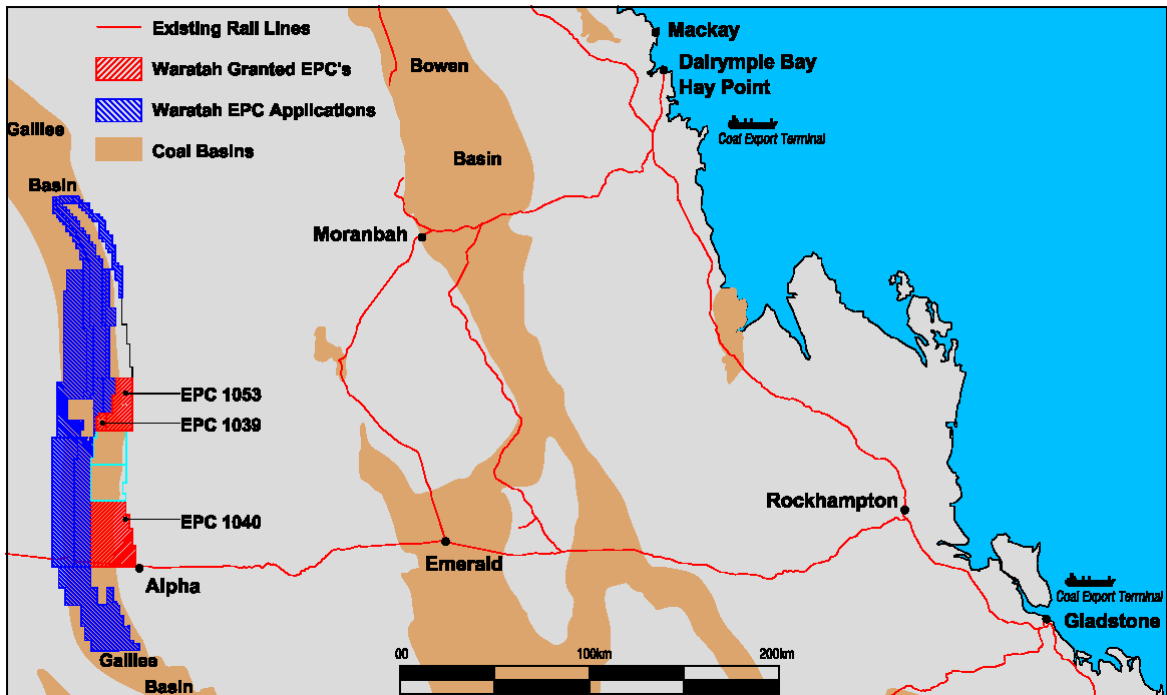


Figure 1, Location of Waratah Coal's Galilee Basin Exploration Permits Coal (EPCs)



Figure 2, Map showing Waratah Coal's most recently granted North Alpha EPC 1053 and the 675Mt inferred resource



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The five principal coal seams in the Alpha area are sub-bituminous high volatile perhydrous coals suitable for use as steaming coal and potentially liquefaction, gasification and other petrochemical applications. Historical open-hole or partially cored drill holes were drilled by a Shell Development Australia Pty Ltd and Western Mining Corporation Limited joint venture between 1974 and 1976, with one fully-cored hole drilled by Queensland Department of Mines in 1972. All boreholes within EPC 1053 were logged using down-hole geophysical sondes including gamma ray, density, calliper and neutron. These logs accurately determined the seam correlation and seam thickness in all boreholes. SSL Laboratories in Sydney analysed the core samples for Raw Proximate Analysis, Specific Gravity, Total Sulphur and Calorific Value, as well as Washability Analysis, Ultimate Analysis, Ash Fusion Temperatures, Hardgrove Grindability Index, Ash Analysis, and Arsenic, Chlorine & Phosphorous levels.

The Resource model and estimations were developed using the MINEX geological and mine planning software system, a worldwide industry proven system used primarily for coal mining operations. The modelling algorithm used for generating the geological model is the MINEX Growth Technique, a proprietary 2D gridding algorithm which calculates the most-fitting surfaces for coal deposits, taking into account regional trends together with the ability to honour borehole data given the appropriate gridding parameters. The grid mesh size used for modelling the geology at the North Alpha Coal Project is 100 metres.

Geologically, the Galilee Basin covers an area of 247,000 square kilometres in central Queensland, Australia and is entirely intracratonic, filled with Late Carboniferous to Middle Triassic sediments. These rocks are dominantly fluvial in origin with minor glacial material developed at the base of the succession. The Galilee Basin contains extensive coal deposits, largely at depth except for the eastern margin, where the Waratah Coal North Alpha project lies. The basin is almost entirely unconformably overlain by the Jurassic – Cretaceous Eromanga Basin, with the eastern margin of the basin being the only exposed component of the Permo – Triassic sequence.

SRK advises that EPC 1053 has the potential to produce large tonnages of good quality coal at open cut-able depths as well as being suitable for underground longwall mining. SRK recommends that the current information for EPC 1053 should be supplemented by a further exploratory drilling program. The drilling program should be designed to initially define the full extent of the coal resources within the EPC.

Waratah President and Chief Executive Officer Peter Lynch said the new permit would allow the company to formally begin drilling on the northern side of its Galilee Basin interests. "This is an important development for Waratah and marks the beginning of a dramatic increase in drilling activity at our tenements in the Galilee Basin," Mr Lynch said. "Work to date indicates our properties contain a potentially large resource of marketable, export-quality thermal coal."

Exploration of ground in between Waratah's North Alpha and South Alpha projects in the 1970s by companies including Bridge Oil, and the Australian-based subsidiaries of Total, Cogema and Charbonnage de France identified a measured and indicated coal resource of 2.1 billion tonnes, owned by Hancock Prospecting Pty Ltd. The coal seams that make up this resource extend both north and south onto Waratah's EPCs



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1053 and 1040. This resource is as reported in the Queensland Coal Resource Inventory, Queensland Coals 14<sup>th</sup> Edition 2003, Queensland Government, Department of Natural Resources and Mines.

Drilling will begin shortly at North Alpha EPC 1053 and will focus on expanding the size of the North Alpha resource by infilling of the area to the south (see figure 2 – available on the Waratah website).

Waratah has been drilling its 100% owned South Alpha EPC 1040 to the south since March, 2007. To date 39 open chip holes and nine partially cored holes have been drilled by three drill rigs covering an area over 100 square kilometres. The data acquired so far is currently being assessed by SRK. An initial resource estimate for South Alpha EPC 1040 is expected shortly.

Mr Lynch said that, in conjunction with the drilling program, Waratah would begin examining a range of options for infrastructure to transport the coal. The first priority is to demonstrate the project is of sufficient size to underwrite the necessary rail and port infrastructure, he said.

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The Qualified Person for this resource estimate is Mr. Patrick Hanna, Fellow of the AusIMM and Principal Coal Geology Consultant with SRK Consulting, who conducted a site visit on EPC 1053 in July 2006.

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

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