

December 1, 2008

## **TSX-V/ASX: WCI – Waratah and Mineralogy Sign Definitive Support Agreement**

---

Waratah Coal Inc. ("Waratah") (TSX-V/ASX: WCI) and Mineralogy Pty Ltd. ("Mineralogy") announced today that they have entered into a definitive support agreement in connection with a revised offer by Mineralogy or a wholly-owned subsidiary of Mineralogy (the "Amended Offer"). Pursuant to the terms of the Amended Offer, Waratah shareholders will be entitled to receive CDN\$1.60 in cash per share. Mineralogy has also agreed to extend the offer to 11:59 p.m. (local time) on December 15, 2008. Mineralogy's obligation to take up and pay for the Waratah shares is subject to the condition, among others, that there shall have been validly deposited under the Amended Offer and not withdrawn at least 50.1% of the shares on a fully diluted basis (fully diluted excludes all of the "out the money" options and warrants), unless waived.

Based on a careful review of the revised terms of the Amended Offer, the receipt of Merrill Lynch Canada Inc. opinion that the Amended Offer is fair from a financial point of view to Waratah Shareholders, consideration of the current global economic conditions and assessment of alternative transactions to the Mineralogy Amended Offer, the Special Committee and Waratah's Board of Directors have determined that the Amended Offer is fair from a financial point of view to Waratah's shareholders and is in the best interests of the company and its shareholders. Accordingly, Waratah's Board of Directors recommends that Waratah shareholders accept the Amended Offer.

Nicholas Mather, the Chairman of Waratah's Board of Directors, said "Over the past two months, the Board has thoroughly evaluated a full range of alternatives to Mineralogy's initial offer with the assistance of Waratah's financial and legal advisors. After further discussions with Mineralogy, the Board is recommending that shareholders tender to the Amended Offer." Mr. Mather added "The Amended Offer price is 13.5% higher than Mineralogy's original offer price, and a 28% premium to Waratah's closing price on the TSX Venture Exchange at Friday's close."

The support agreement provides, subject to its terms, that the Waratah Board of Directors will issue a notice of change to its directors' circular that will contain its favourable recommendation to Waratah shareholders, together with the fairness opinion provided by Merrill Lynch Canada Inc. Such notice of change will be issued promptly after Mineralogy mails a notice of extension and variation in connection with the Amended Offer. The support agreement contains, among other things, provisions for a \$2.7 million break fee, non-solicitation of competing offers, notification by Waratah to Mineralogy of the receipt of any alternative proposals from third parties and a right on the part of Mineralogy to match any such proposal.

Certain directors and senior officers of Waratah (including their affiliates), who collectively own 8,433,506 shares and 1,170,000 in-the-money options and 1,413,191 in-the-money warrants to acquire shares, have entered into lock-up agreements with Mineralogy. Under such lock-up agreements, such directors and senior officers (including their affiliates) agree to tender the shares owned by them, or over which they exercise



control or direction over, and any shares acquired by them after the date of the lock-up agreement to the Amended Offer. The aggregate total of 11,016,697 shares that such directors and senior officers (including their affiliates) collectively beneficially own, or exercise control or direction over, represents approximately 17.3 percent on a fully diluted basis.

Shareholders who have questions about the Amended Offer may contact Waratah's information agent, Laurel Hill Advisory Group, at 1-866-588-7127 (toll free in North America) or at 1-416-637-4661 (collect outside North America)..

**For further information:**

Peter Lynch  
Waratah Coal President and CEO  
T: +61 7 3303 0692  
E-mail: [plynch@waratahcoal.com](mailto:plynch@waratahcoal.com)

Michael Joyner  
Investor Relations - Canada  
T: +1 416 368 3671  
E-mail: [mjoyner@waratahcoal.com](mailto:mjoyner@waratahcoal.com)

Liam Behnke  
Investor Relations - Australia  
T: +61 7 3303 0676  
E-mail: [lbehnke@waratahcoal.com](mailto:lbehnke@waratahcoal.com)  
Website: [www.waratahcoal.com](http://www.waratahcoal.com)

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

This press release does not constitute an offer to sell or a solicitation to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("the U.S. Securities Act") or any state securities law and may not be offered or sold in the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Cautionary language:

Except for the historical and present factual information contained herein, the matters set forth in this news release, including words such as "expects", "projects", "plans", "anticipates" and similar expressions, are forward-looking information that represents management of Waratah Coal's internal projections, expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of Waratah Coal. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Waratah Coal's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, those described in Waratah Coal's filings with the Canadian securities authorities. Accordingly, holders of Waratah Coal shares and potential investors are cautioned that events or circumstances could cause results to differ materially from those predicted. Waratah Coal disclaims any responsibility to update these forward-looking statements.

- Ends

