

November 4, 2008

## **Waratah announces Exploration Target in the range 205 to 415 Billion tonnes of coal at its Galilee Basin Project**

### **Waratah declares Galilee Basin as potential world class energy province**

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Waratah Coal Inc. is pleased to announce a coal exploration target of **205 – 415 Billion tonnes** in its Galilee Basin tenements and tenement applications.

The exploration target has been declared following a broader tenement study using current and historical data. This data includes exploration drilling from the known resources previously declared by Waratah and others. Additionally it draws on petroleum well logs and reports, petroleum seismic studies and Geology Survey of Queensland drilling.

The Galilee Basin was subject to a significant level of exploration for petroleum, gas and oil shale during the period from 1960 to 1980 and all of this data has become available under the Queensland open file exploration reports data network. A broad basin geological model has been developed by Waratah and its independent consultants in order to give the Company and its investors a full appreciation of its potential and aid the direction of future exploration.

**SRK Consulting** were commissioned to provide independent review to this process and the coal exploration target referred to herein has been validated by SRK Consulting. The SRK statement of this technical review can be viewed at [www.waratahcoal.com](http://www.waratahcoal.com).

Waratah Coal has previously identified JORC and CIM compliant Inferred Resources of **3.380 Billion tonnes** at its South Alpha (east) tenements and **0.975 Billion tonnes** in its North Alpha (east) tenements. Exploration and Mineral development Licences owned by a third party are located along strike and split the South Alpha and North Alpha projects (see map).

Waratah's tenements and applications cover some 15,000km<sup>2</sup> with a strike extent of approx 220km and down dip extent of approx 80km.

The SRK study has shown that the coal measure sequences identified in the Eastern Inferred Resources are interpreted to be laterally continuous in Waratah's western granted tenements and tenement applications with dips in the order of 0.5 to 1.5 %. Individual seams are identifiable and a number of the thicker seams (e.g. A-B, C-D) can be broadly correlated with those in the Eastern Inferred Resources. Additional coal plies are also observed at the top and base of the coal bearing sequences. Cumulative coal thicknesses are observed and conservatively reported in the range of 10.2 metres to 32.1 metres.

Depth of cover ranges from 25 metres at the Eastern Inferred Resources to approx 800 metres depth on the western boundary of the tenements.



## Exploration Target Range

	Tenure under Application	Tenure Granted *	Total Tenure * (Rounded to 5Bt)
AREA (hectares)	1,165,000	264,400	1,429,400
Relative Density (gm/cc)	1.45	1.45	
CUM THICK LOW (m)	10	10	
CUM TARGET LOW (tonnes)	169,000,000,000	38,000,000,000	205,000,000,000
CUM THICK HIGH (m)	20	20	
CUM TARGET HIGH (tonnes)	338,000,000,000	77,000,000,000	415,000,000,000

\*areas of existing known Inferred Resources not included

## Cautionary Statements

Coal quantity within the exploration target areas is conceptual only as there has been insufficient exploration to define any coal resources. It is uncertain whether future exploration in any of these exploration target areas will result in quantification of coal resources.

Waratah does not make any representations whatsoever in respect of any coal quality aspects of the exploration target. Any extrapolation by third parties of coal quality results in the Eastern Inferred Resources into the Exploration Target area is purely speculative.

Waratah has currently six (6) granted EPC tenures in the Galilee Basin with the granting of another two (2) EPC's imminent. A further ten (10) EPC's are under application. Waratah Coal is the sole applicant for these tenures. Waratah has fulfilled all the financial and statutory obligations and assurances required by the Department of Mines and Energy upon application. Whilst Waratah expects these applications to be granted in the normal course of business in the near future, Waratah advises that grants are not guaranteed.



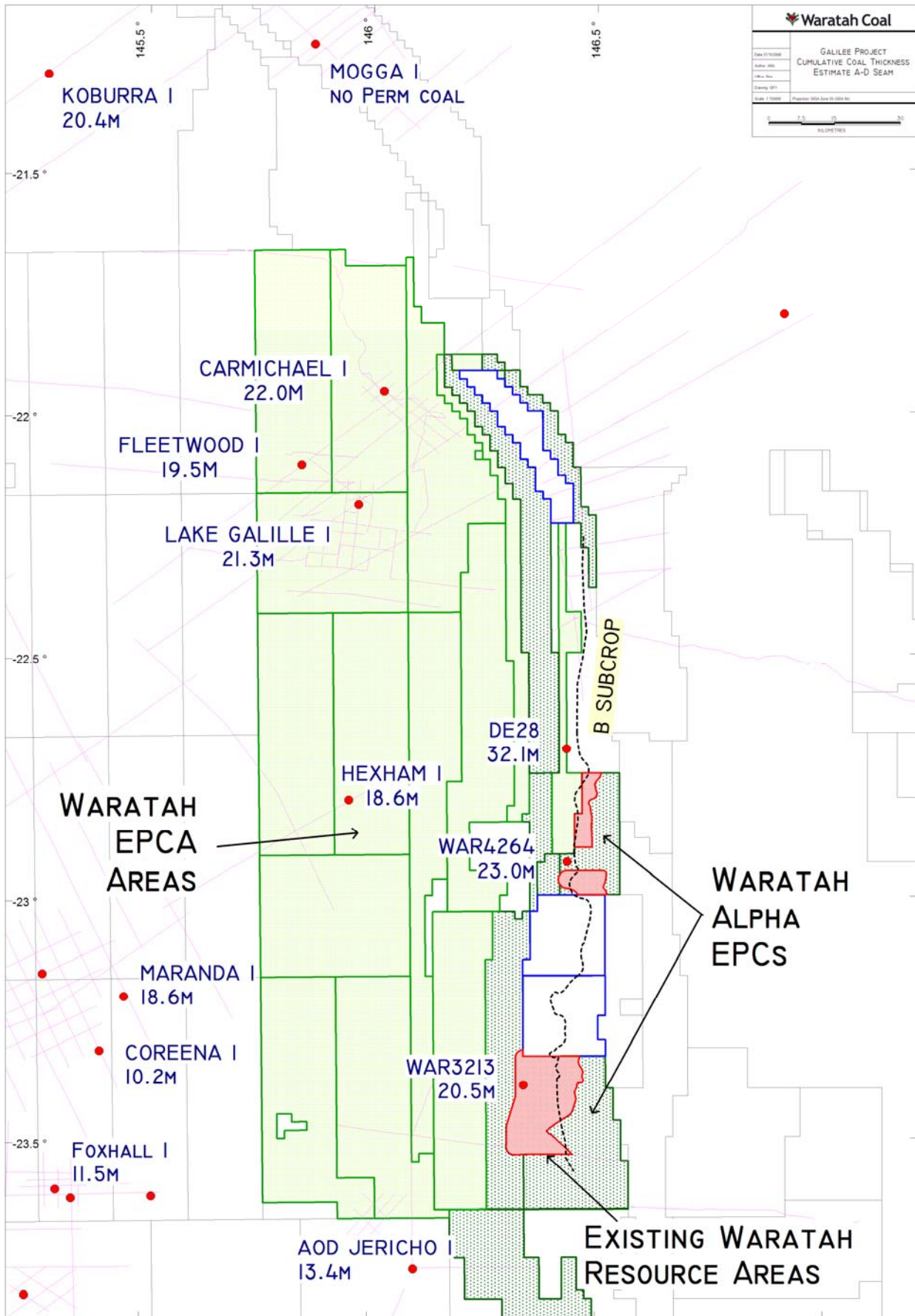
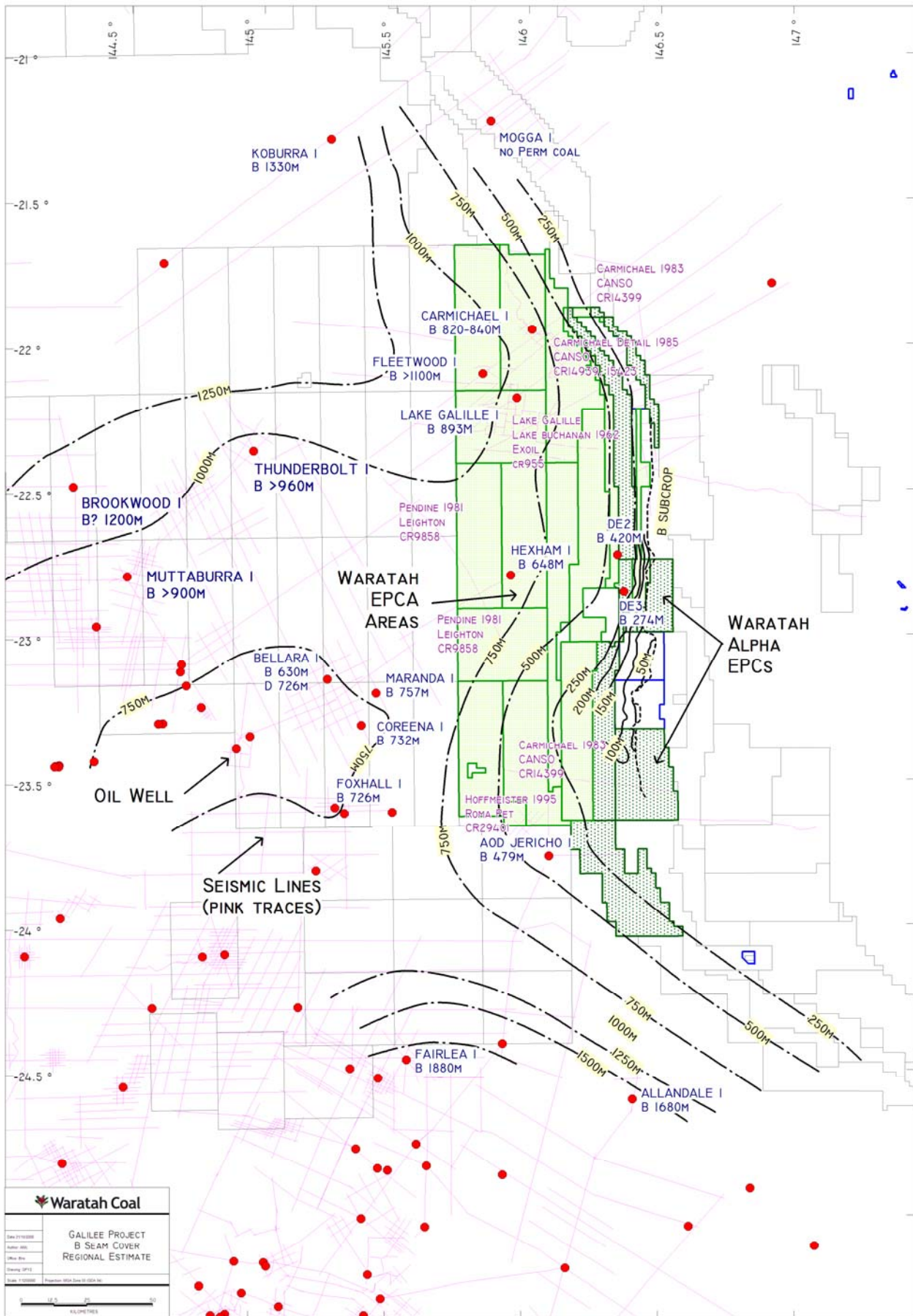


Figure 1: Galilee Project – Cumulative Coal Thickness Estimate A-D Seam





**Figure 2: Galilee Project – B Seam Cover Regional Estimate**



## Exploration Potential

Future exploration of the middle and western tenements and applications will focus on identifying deeper resources for In-situ Coal Seam Gasification.

Waratah Coal had previously commissioned URS Australia Pty Ltd to complete a desktop study into Galilee Basin coal seam gasification and coal to liquids production. The results of this study have been extremely encouraging. Estimates of up to 80% conversion to oil, gas and higher temperature distillates

are suggested with overall yield of greater than one barrel of liquids per tonne coal on a dry ash free basis, in the transport fuel range. The Executive Summary of the URS report can be viewed at [www.waratahcoal.com](http://www.waratahcoal.com).

Coal targets in the range of 150 to 400 metres depth will also be explored for underground mining potential. The shallow seam dip, continuity and apparent lack of significant structural disturbance will be tested for possible large scale high production longwall potential.

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The Qualified Person for this exploration target is Mr. Andre Wulfse BSc(Hons), GDE, Pr.Sci.Nat., MSAIMM and Principal Consultant (Resource Evaluation) with SRK Consulting, who conducted a peer review of this target determination on Waratah Coal's Galilee Basin Tenements in October, 2008. The resource estimates were compiled using data supplied by Mr David Campbell, Fellow of the AusIMM and Vice President Waratah Coal and modelling by Mr Andrew McLaughlin, Member of the AusIMM, and Senior Coal Geologist Waratah Coal.

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### Cautionary language:

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