

October 27, 2008

WARATAH ACKNOWLEDGES EXTENSION AND AMENDMENT OF MINERALOGY'S UNSOLICITED OFFER

Brisbane, Australia and Vancouver, British Columbia, Canada - The Board of Directors of Waratah Coal Inc. (Waratah) acknowledge that Mineralogy Pty Ltd (Mineralogy) announced that it is amending its offer to purchase the outstanding common shares of Waratah. The amended offer will be open for acceptance until 5:00 p.m. (Toronto time) on December 3, 2008. Mineralogy has also indicated that it is amending its offer to be for all of Waratah's outstanding common shares, other than shares held by Mineralogy and any of its affiliates. Mineralogy has not increased its offer price of \$1.41 per share.

The formal notice of extension and variation has been filed with Canadian securities regulatory authorities. The Board of Directors and Special Committee of Waratah, together with financial and legal advisors, have not had the opportunity to review the full terms and details of the amended offer as set forth in the formal notice of extension and variation. Waratah intends to formally respond to the amended offer once the review of the formal notice of extension and variation is completed.

As previously announced, the Board of Directors of Waratah recommended that shareholders reject Mineralogy's offer dated October 3, 2008 and not tender their shares to it. The Board's reasons for this recommendation are contained in the Directors' Circular dated October 17, 2008, which has been mailed to shareholders and filed with Canadian securities regulators. The Directors' Circular is available on Waratah's web site at www.waratahcoal.com and on SEDAR at www.sedar.com.

As a result of the extension of the Mineralogy amended offer, Waratah shareholders who wish to accept the amended offer now have until 5:00 p.m. (Toronto time) on December 3, 2008, unless further extended, to tender shares. Mineralogy's amended offer continues to be subject to a number of conditions that, to the knowledge of Waratah, have not yet been satisfied or waived. As a result, Waratah urges its shareholders not to take any action with respect to Mineralogy's amended offer.

No shares can be taken up and paid for under Mineralogy's amended offer until the offer has expired. While the amended offer is conditional upon the termination or waiver of the Shareholder Rights Plan, the plan would preclude shares from being taken up and paid for under the amended offer only if it remains in effect on and after the expiry of the amended offer, which Mineralogy now has extended until December 3, 2008. The expiry date could be further extended if the conditions of the amended offer have not then been satisfied or waived.

Waratah also advises that the Board of Directors and the Special Committee of Waratah, with the assistance of financial and legal advisors, continues to aggressively pursue more attractive value alternatives for shareholders.

Waratah shareholders who have questions about Mineralogy's offer (or who have already tendered to Mineralogy's offer and wish to withdraw their shares) are



encouraged to 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).

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

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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.

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