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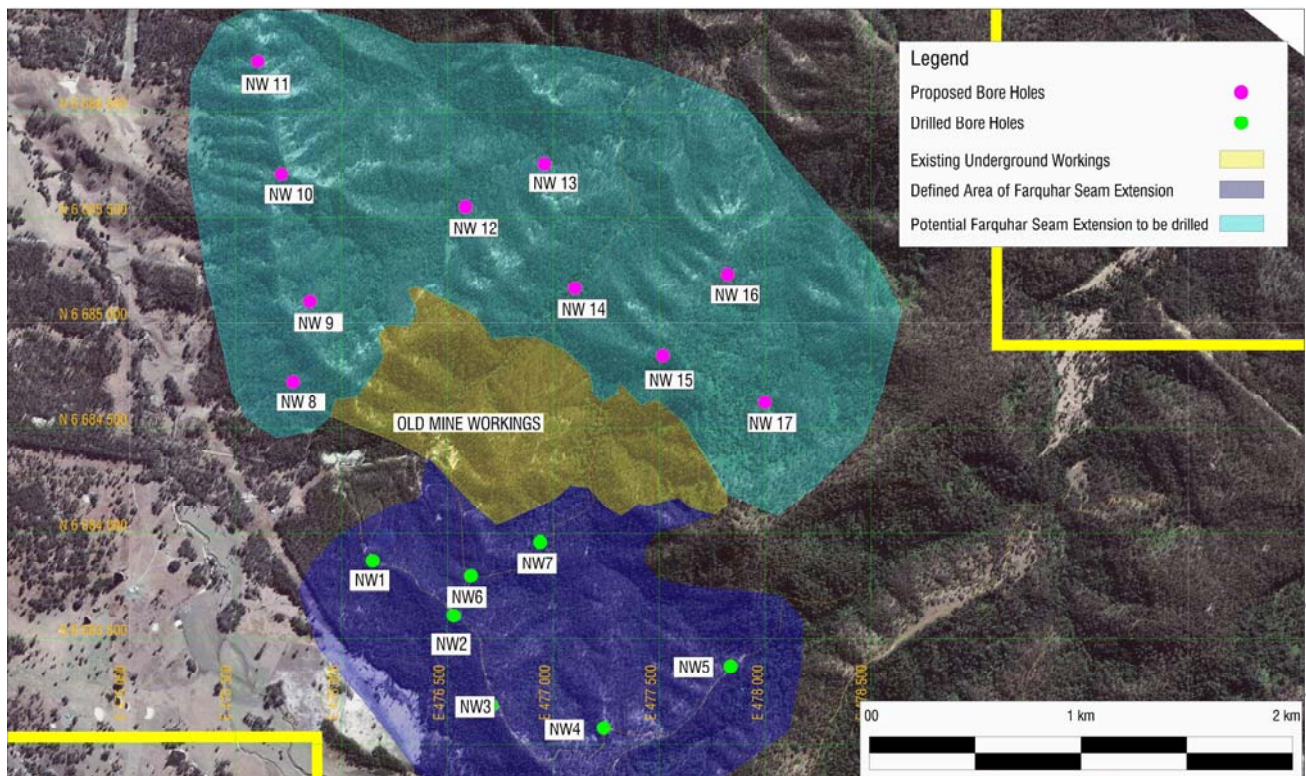
## Waratah starts second phase of drilling at Nymboida Coking Coal Project

Waratah Coal Inc. today announces it has commenced the second phase of drilling at its Nymboida coking coal project in northern New South Wales, Australia.

Waratah President and Chief Executive Officer Peter Lynch said “the Company would explore the northern extension of the historic mine area via a drilling program consisting of some 12-18 chip and part-cored holes over a 500 m grid over an area of approximately 9 km<sup>2</sup>.

“An initial exploratory drilling program conducted last year at Nymboida was very encouraging and confirmed the presence of high-quality, hard coking coal to the south of the historic Nymboida Mine workings,” Mr Lynch said. “In this second phase of drilling we will seek to determine how far the coal seam extends to the north”.

The long-planned second stage of drilling had been delayed for three months due to unseasonal weather. Establishing a suitable underground resource at Nymboida would allow Waratah to plan to take advantage of current record coking coal prices, highlighted by BHP Billiton’s reported recent settlement of a contract at \$US300 per tonne.



**Figure 1 – Nymboida Drill Program**

A report by independent consultants SRK has highlighted the potential for a resource at Nymboida, covering an area of 59 km<sup>2</sup> centred on the old Nymboida Colliery, of around 10 million tonnes of coking coal. Preliminary business modelling by Waratah indicates the project has high potential even at discounted coking coal prices.

Results of the second stage drilling are expected within the next quarter. If drilling confirms a suitable resource, Waratah will look to expedite the project. Nymboida could in the event of the definition of a feasible project, enter development and production ahead of the Company's Galilee Basin project thereby potentially providing cash flow to help develop the Galilee Basin. The Company's Galilee Basin project, located in Queensland has a current JORC-compliant inferred resource of 3.12 billion tonnes of thermal coal.

The second-phase drilling program at Nymboida will target the Farquhar Seam which will be cored for coking analysis. Previous drilling and analysis of historical mining data has already shown the Farquhar seam to be of superior coking quality with Crucible Swelling Indices in excess of nine.

Roof and floor core samples will also be tested to establish geotechnical parameters for underground equipment and mining method studies.

Additionally, the Bardool seam, which was intersected in the previous program will also be targeted in some deeper holes. This seam has also shown excellent coking properties in limited intersections to date.

### **Geological Overview**

For more information on the Nymboida Coal Project, please visit the Waratah Coal website [www.waratahcoal.com](http://www.waratahcoal.com)

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