

October 8, 2008

WARATAH ESTABLISHES SPECIAL COMMITTEE, ADOPTS SHAREHOLDER RIGHTS PLAN AND ENGAGES ADVISORS

BOARD ADVISES SHAREHOLDERS TO TAKE NO ACTION ON MINERALOGY BID AT THIS TIME

Waratah Coal (TSX-V: WCI) (Waratah) announced that they are reviewing the unsolicited offer made October 3, 2008 by Mineralogy Pty Ltd. ("Mineralogy") to acquire 50.1% of the common shares of the Company on a fully diluted basis (when added to the common shares owned by Mineralogy) at a price of \$1.41 per common share.

The board of directors of the Company has formed a Special Committee comprised of Howard Stack (Chair of the Special Committee), Andrew Wilson and Nicholas Mather, with a mandate that includes examining and reviewing the merits of Mineralogy's offer and developing a recommendation to shareholders. Waratah has engaged Merrill Lynch Canada Inc and Torys LLP to assist with the evaluation of the Mineralogy offer.

The Company also announced it has adopted a limited duration shareholder rights plan in order to provide the necessary time to properly assess and respond to the unsolicited Mineralogy offer.

Howard Stack, Chair of the Special Committee said: "We believe the adoption of a limited duration shareholder rights plan is both prudent and necessary to provide us with the time to properly assess Mineralogy's offer, including not only the terms of the offer but the potential effect on control of the Company given the size of the position that would result, and to respond in a manner that is in the best interests of the Company and all of its shareholders.

Until we are in a position to provide more informed views to our shareholders about Mineralogy's bid, we are advising that shareholders take no action in respect of the Mineralogy offer."

The rights plan has a duration of 180 days, and is subject to approval of the TSX Venture Exchange. A copy of the rights plan, which will preclude a person or group of persons from acquiring more than 20% of the Company's currently outstanding common shares other than in compliance with the plan, will be attached to the material change report to be filed by the Company and will be available at www.sedar.com



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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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