

WARATAH COAL INC.

**EXTENSIVE COAL RESOURCE POTENTIAL
SECOND DRILL RIG AND THREE ADDITIONAL COAL EXPLORATION LICENCE
APPLICATIONS IN THE GALILEE BASIN**

JUNE 18, 2007

TSX Venture
Exchange

Trading Symbol: WCI

HIGHLIGHTS

- Drilling shows net coal of 15 to 19m Coal seams over 44 km²
- Resource definition expedited - a second drill rig is now on-site at the South Alpha property.
- Six partially-cored holes are being drilled to determine coal quality
- Three new exploration licence applications extend Waratah's Galilee Basin Project a further 2,685 square kilometers
- The very flat dip and consistent seam projection suggests that the area is geologically simple
- Competent stone units host the coal seams, potential for ideal underground mining environment

Waratah Coal Inc. (“Waratah”) is pleased to announce the arrival of a second drill rig to accelerate the progress of the drilling program currently underway at its 100% owned EPC1040 (South Alpha) property in the Company’s Galilee Basin project. Exploration in EPC 1040 has been underway for three months, with nineteen (19) open holes and two partially-cored drillholes completed for a total meterage of 2,450 metres. Holes are 2 km apart on E-W grid lines extending south from the northern EPC boundary with an existing proven 2.1 Billion Tonne JORC resource owned by a third party.

Drilling to date on the project has intersected four main seams of interest ranging from 2.2 metre to 6.2 metres thick, with total net coal thickness ranging from 15 to 19 metres. Waratah Coal is encouraged by the thickness of the seams intersected, the almost-flat, half-degree west dip and the competent stone roof and floor hosting the coal seams. These data indicate an environment suitable for high-productivity low-cost underground longwall mining. The drilling results to date suggest high potential for the known coal seams to extend even farther than currently believed.

On the basis of the indications of an extensive resource potential and favourable underground mining conditions,, Waratah has applied for an additional three large Coal Exploration Licences (EPCs) down dip to the west of the existing licences. Based on consistent shallow dips to the west, Waratah believes the the 6m thick ‘B’ seam will be located within these new licence applications at less than 350 m depth of cover.

The new applications cover a total area of 2,685 square kilometres, extending over 203 kilometres of strike length north-south and averaging 12 kilometres down dip east-west. Waratah believes long term, underground mining by modern low cost high productivity longwall methods could be financially attractive.

All exploration has proceeded with no safety incidents occurring.

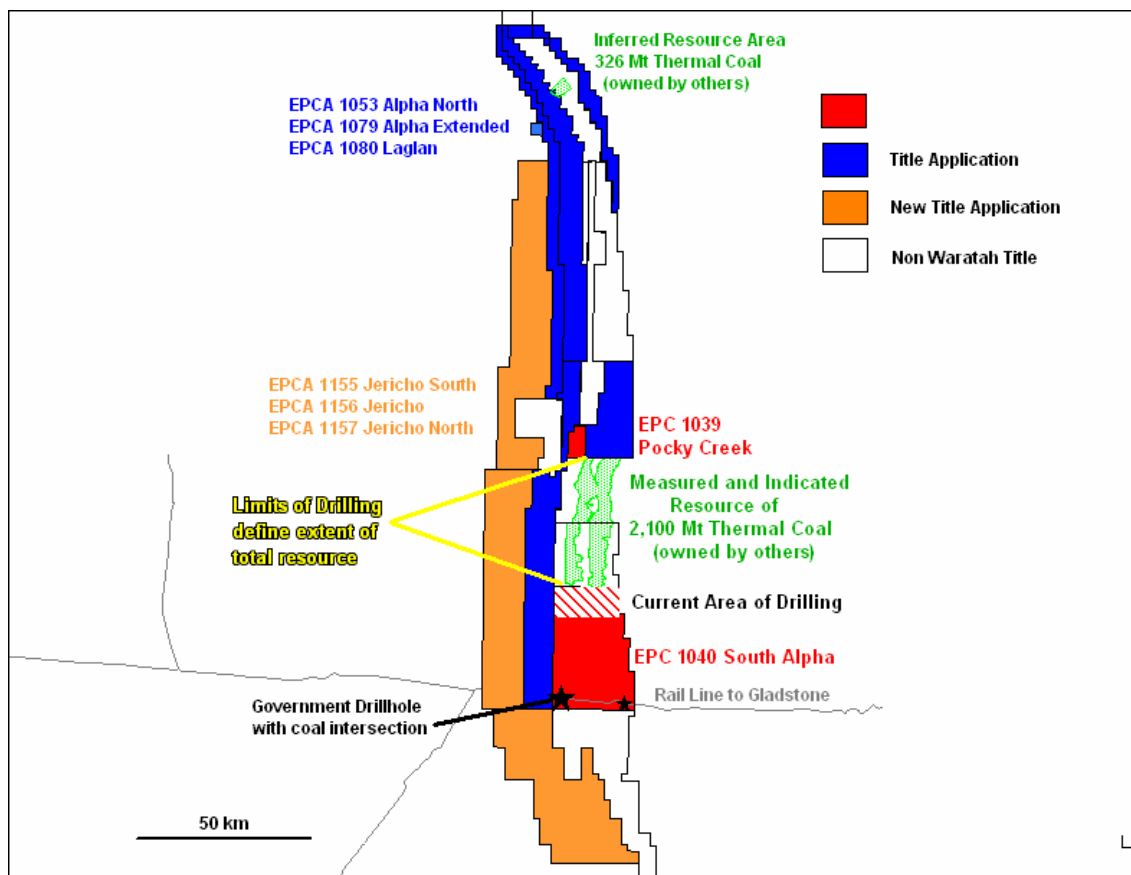
The second drill rig is being deployed to continue the expansion of the planned 2km spaced drill pattern while the first rig focuses on the drilling of partially cored holes within the pattern.

A total of six partially cored holes, confirming the presence of thick coherent seams of coal, are required to determine coal quality and declare a resource tonnage over the area of the first two east west drill lines. The coal quality will be assessed in a registered NATA (National Association of Testing Authorities) approved laboratory.

The Galilee Basin Project is located some 160 km west of the regional centre of Emerald and 750km northwest of Brisbane. Waratah Coal has granted exploration licences covering 765km² and non-competitive applications covering an additional 1,701km² in the as yet undeveloped Galilee Basin, Queensland, Australia.

LEVEL 5, 60 EDWARD STREET
BRISBANE QLD 4000 AUSTRALIA

TSX – V : WCI



Waratah Coal's Exploration licences in the Galilee Basin

An updated map of Waratah's licences in the Galilee Basin is available on its website. The Company encourages its shareholders and interested investors to visit www.waratahcoal.com. The website has been designed to provide a comprehensive overview of Waratah's current projects and the state of development which each project is at. Shareholders and investors are encouraged to register for email notification and distribution of future news releases.

About Waratah

Waratah's strategy is to build shareholder value, through acquisition, exploration and development of coal projects in Australia. This strategy has been developed by a synthesis of Waratah's core skills in project evaluation, structured acquisition, exploration and project development and operations, an area where Waratah executives have significant experience. Seven coal projects have already been acquired, with more in application, and drilling programs well underway at Waratah's South Alpha project and Nymboida project.

Waratah has 33.5 million shares outstanding, has approximately C\$2.0 million in cash and no debt.

On behalf of the Board of Directors,

"Peter Lynch"

President, Chief Executive Officer and Director

For further information please contact:

Peter Lynch
Telephone: +61 7 3303 0692
Email: plynch@waratahcoal.com
hwright@waratahcoal.com

Henry Wright
604 681 5755
Email:

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

LEVEL 5, 60 EDWARD STREET
BRISBANE QLD 4000 AUSTRALIA