



Western Coal

CHIEF EXECUTIVE OFFICER - TERMS OF REFERENCE

The Chief Executive Officer (the “CEO”) is the senior management officer of the Company. As such, the CEO is the leader of an effective and cohesive management team for the Company; sets the tone for the Company by exemplifying consistent values of high ethical standards, integrity and fairness; leads the Company in defining its vision; is the main spokesperson for the Company; and bears the chief responsibility to ensure the Company meets its short-term operational and long-term strategic goals and objectives. The CEO works with and is accountable to the Board of Directors (the “Board”) of the Company with due regard to the Board’s requirement to be informed and to be independent.

The CEO shall have such skills and abilities as are considered necessary by the Board. The CEO (i) shall act honestly and in good faith in the best interests of the Company and its shareholders and (ii) must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Chief Executive Officer works with and is accountable to the Board.

Responsibilities

The CEO has the following specific responsibilities:

1. Strategic Leadership

- (a) develop and recommend short and long-term goals, strategies, and objectives to the Board to ensure the maximization of shareholder value and the long-term success of the Company;
- (b) lead and manage the Company within parameters established by the Board;
- (c) review and report regularly to the Board concerning the Company’s progress towards its goals and all material deviations from the goals, strategies, and objectives approved by the Board, including updating and making changes as required, and involving the Board in the early stages of developing strategy;
- (d) develop, recommend to the Board and implement capital and operating plans that support the Company’s long-term strategic objectives;
- (e) review and report regularly to the Board on the overall progress and results against operating and financial objectives and initiate courses of action for improvement;
- (f) develop for approval by the Board the corporate goals and objectives that the CEO is responsible to meet;

- (g) identify the principal risks of the Company's business and ensure the implementation of appropriate systems to manage these risks; and
- (h) keep the Board fully informed of all significant operational, financial, and other matters relevant to the Company, including legal, regulatory, and governmental policy developments.

2. Financial Leadership

- (a) develop annual capital commitment and expenditure budgets for approval by the Board;
- (b) develop annual operating forecasts of revenue, expenditures, operational results, and financial performance;
- (c) authorize the commitment of funds to capital projects included in budgets approved by the Board or within any spending authority levels approved by the Board;
- (d) authorize commitment of corporate resources, including contracts, transactions and arrangements in the ordinary course of business, in order to pursue the approved strategies, business plans, and objectives of the Company, provided, however, that major commitments, exposures, and risks are reported to the Board in a regular and timely basis; and
- (e) take reasonable steps to ensure that the Company's assets are adequately safeguarded and optimized in the best interests of the shareholders.

3. Administrative Leadership

- (a) develop and maintain a sound, effective organizational structure and ensure that personnel and systems are in place to appropriately manage the affairs of the Company;
- (b) maintain a positive work environment that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels;
- (c) ensure that all members of the organization have their responsibilities and authorities clearly established;
- (d) ensure, in cooperation with the Board, that there is an effective succession plan in place for the position of CEO; and
- (e) ensure that the Company has an effective management team and establish a plan for senior management development and succession, including the appointment, training and monitoring of senior management.

4. Public Leadership

- (a) formulate and oversee the implementation of major corporate policies and ensure there is an effective communications policy for the Company;

- (b) ensure that effective communications and appropriate relationships are maintained with the shareholders of the Company and other stakeholders;
- (c) maintain or cause to be maintained such industry, governmental, public, or other external relationships as are deemed advisable and in the best interests of the Company; and
- (d) manage and oversee the required interaction between the Company and the public and act as the principal spokesperson for the Company.

5. Compliance Leadership

- (a) ensure that appropriate personnel and systems are in place for the integrity and adequacy of the Company's internal control and management information systems;
- (b) take steps to ensure the safe, efficient operation of the Company and to ensure compliance with the Company's environmental, health, and safety policies, procedures, and practices;
- (c) ensure that all operations and activities of the Company are conducted in accordance with applicable laws, regulations, the Company's Code of Business Ethics, sound business practices, and any other policies and practices approved by the Board; and
- (d) foster a high performance corporate culture that promotes ethical practices, encourages individual integrity and accountability, and fulfills social responsibility.

Approved: March 2010