



Western Coal

Western Coal Corp. Whistle Blower Policy

PURPOSE

Western Coal Corp. (the “Company”) is committed to maintaining the highest standards of business conduct and ethics in its accounting standards and disclosures, internal accounting controls, and audit practices. It is the policy of the Company to comply with and require its directors, officers, and employees to comply with all applicable legal and regulatory requirements relating to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud against shareholders. Every employee has the responsibility to assist the Company in meeting these requirements.

The Company’s internal controls and corporate reporting and disclosure procedures are intended to prevent, deter and remedy any violation of the applicable laws and regulations that relate to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud against the shareholders. Even the best systems of control and procedures, however, cannot provide absolute safeguards against such violations. The Company has a responsibility to investigate and, if required, report to appropriate governmental authorities, any violations relating to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud against shareholders, and the actions taken by the Company to remedy such violations.

The Company recognizes the value of transparency and accountability in its administrative and management practices and therefore encourages employees and others, when based on their reasonable belief that they have accounting/audit matter concerns or believe that a potential violation has occurred or is occurring, to report those concerns to the Audit Committee.

This policy governs the process through which employees and others, either directly or anonymously, can notify the Audit Committee of the Company’s Board of Directors of potential violations or concerns. In addition, this policy establishes a mechanism by which employees and others can raise their concerns free of any discrimination, retaliation or harassment and the Company may respond to and keep records of, complaints from employees and others regarding such potential violations or concerns.

PROCEDURE

1. Reporting Alleged Violations or Concerns

If an employee reasonably believes that any director, officer or employee of the Company or any other person acting on behalf of the Company has violated any legal or regulatory requirements or internal policy relating to accounting standards and disclosures, internal

accounting controls, matters related to the internal or external audit of the Company's financial statements, or if any such employee otherwise has concerns regarding questionable accounting or auditing matters, the employee should immediately report his or her concern to the Chairman of the Audit Committee of the Board of Directors of the Company as follows:

In writing: Mr. John R. Brodie, FCA
Chairman , Audit Committee
Western Coal Corp.
900 – 580 Hornby Street,
Vancouver, B.C. V6C 3B6
By email: jrbcapital@telus.net
By phone: 604-862-1517

The Audit Committee is composed entirely of directors of the Company who are independent of the officers and management of the Company. The Audit Committee is solely responsible for investigating and responding to reports of violations regarding accounting standards and disclosures, internal accounting controls, or matters related to the internal or external audit of the Company's financial statements.

Reports of alleged violations may be submitted to the Audit Committee Chairman on a confidential basis or anonymously if the employee desires, subject to applicable privacy legislation. Although anonymous reports may be submitted via any of the above methods, reports submitted by email or telephone tend to be less likely to remain anonymous and confidential than those submitted in writing. In conducting an investigation, the complainant's identity will be treated anonymously and confidentially, unless specifically permitted to be disclosed by the complainant, or unless required by law. Anonymous and confidential complaints will only be disclosed to those persons who have a need to know in order to carry out an investigation of the violation in accordance with the procedures for handling the reporting of a violation set out above.

Privacy laws require that the subject of a complaint be able to access his or her personal information but not information which would reveal a complainant's identity unless the complainant consents. If legal action occurs, the law requires that the identity of the complainant be revealed.

Reports of alleged violations should be factual, rather than speculative or conclusory, and should contain as much specific detail as possible to allow for proper assessment. The report should clearly set forth all the information the employee knows about the alleged violation. The complaint describing an alleged violation or concern should be candid and should set forth all of the information that the employee knows regarding the allegation or concern. In addition, the complaint should contain any corroborating information to support the commencement of an investigation. The Company may, in its reasonable discretion, determine not to commence an investigation if a complaint contains only unspecified or broad allegations of wrongdoing without appropriate factual support.

2. Investigation of Complaints

Upon receipt of a complaint alleging a violation of any applicable laws or rules of applicable regulatory authorities or internal policy regarding accounting standards and disclosures, internal

accounting controls, or matters related to the internal or external audit of the Company's financial statements, the Audit Committee, or a designated member of the Committee, will make a determination as to whether a reasonable basis exists for commencing an investigation into the conduct alleged in the complaint. If the Audit Committee or its designated member concludes that an investigation is warranted, it shall take appropriate measures to implement a thorough investigation of the allegations. The Audit Committee shall have the authority to obtain assistance from the Company's management, counsel or auditors, or to retain separate outside legal or accounting expertise as it deems necessary or desirable in order to conduct the investigation. Any assisting party will be required to comply with this policy.

On a quarterly basis at a meeting of the Audit Committee, the Committee will discuss the status of any ongoing investigation and review the resolution of each complaint submitted during the previous quarter, whether or not the complaint resulted in the commencement of a formal investigation.

3. Corrective Action

The Audit Committee is ultimately responsible for determining the validity of each complaint and determining, with the input of its advisors and Company management, if requested, the appropriate corrective action. The Committee shall report any legal or regulatory noncompliance to Company management and ensure that management takes corrective action including, where appropriate, reporting any violation to relevant governmental authorities.

Any director, officer, or employee deemed to have violated any law, rule or regulation, or any internal policy regarding accounting standards and disclosures, internal accounting controls, or matters related to the internal or external audit of the Company's financial statements, may be subject to disciplinary action, up to and including termination of employment for cause.

4. No Retaliation

Employees should feel confident to report violations as described above or to assist in investigations of such alleged violations. The Company will not tolerate retaliation or discrimination of any kind by or on behalf of the Company, or by any of its directors, officers or employees against any employee making a good faith complaint of, or assisting in the investigation of, any violation of applicable laws or rules of applicable regulatory authorities, or the Company's codes of conduct or internal policies regarding accounting standards or disclosures, internal accounting controls, or matters related to the internal or external audit of the Company's financial statements, or otherwise raising a concern regarding questionable accounting or auditing matters.

5. Retention of Complaints and Documents

The Audit Committee shall retain all documents and records regarding any complaint for a period of five years. It is illegal and against the Company's policy to destroy any corporate audit or other records that may be subject to or related to an investigation by the Company or any governmental or regulatory body. All documents related to reporting and investigating a complaint shall be kept in accordance with applicable law, rules and regulations and in such

manner as the Audit Committee determines appropriate or is advised by counsel. The Company will secure the documentation and information in a manner appropriate to its sensitivity.

6. Compliance with this Policy

All employees must follow the procedures outlined in this policy and cooperate with any investigation initiated pursuant to this policy. Adhering to this policy is a condition of employment. The Company must have the opportunity to investigate and remedy any alleged violations or employee concerns, and each employee must ensure that the Company has an opportunity to undertake such an investigation.

This policy should not be construed as preventing, limiting, or delaying the Company from taking disciplinary action against any individual, up to and including termination of employment for cause, in any circumstances where the Company deems disciplinary action appropriate.

7. Additional Enforcement Information

In addition to the Company's internal complaint procedure, employees and others should also be aware that certain federal and provincial law enforcement agencies may be authorized to review accounting /audit matter concerns or violations. The Company's policies and practices have been developed as a guide to our legal and ethical responsibilities to achieve and maintain the highest business standards. Conduct that violates the Company's policies will be viewed as unacceptable under the terms of employment at the Company. Certain violations of the Company's policies and practices could even subject the Company and any individual employees and others involved to civil and criminal penalties. Before issues or behaviour can rise to that level, employees and others are encouraged to report to the Company the accounting/audit matter concerns, suspicions of potential violations or any discrimination, retaliation, threats or harassment related to such reports. Nothing in this Policy is intended to prevent an employee or others from reporting information to the appropriate agency when the employee or others have reasonable cause to believe that the violation of a federal or provincial statute or regulation has occurred.