



Chairman's 2009 AGM Remarks

Before I ask John Hogg, our President & CEO to make a few remarks, let me offer these brief comments.

The fiscal year started with record coal prices. Contract prices for hard coking coal were US\$300 per tonne and US\$250 per tonne for low-vol PCI coal, both of which are over 250% higher than previous year prices. We completely sold out of both products. We achieved record earnings in each successive earnings period during the year. In total we earned over \$214 million in net income, which was \$1.17 per share for our shareholders. We also generated over \$250 million of cash flow from operations. Needless to say, both figures are outstanding and record amounts. This bolstered our financial position to a very strong and healthy position. We currently have \$90 million of cash in hand. The only debt on the balance sheet is \$40 million of convertible debentures, which I expect to will be converted before maturity.

With that we have successfully moved from being a junior exploration company a few short years ago to a stable and growing producing mining company.

The investments and strategies developed by the Company in the early years allowed us to weather the start-up pains and reap the rewards when the markets improved last year. We built a world class green field facility and operation in Wolverine. Brule and its predecessor, the Dillon mine, have been one of the true success stories in the mining business generating phenomenal returns on very little capital invested there. We have built a customer list of some of the most loyal and largest steel mills in the world. The foundation of success was built in the early years.

However, 2009 was not all rosy. We endured operational growing pains in 2008 which meant we had to adjust our life-of-mine plan at Wolverine. So with the record prices before us in 2009, we strategically

made the investment and hard work required to re-shape our mine plan. While productivity in tonnes moved actually increased, the high stripping ratio caused cash costs to rise. This was an investment in times of strength that we needed to make. Now the mines are back on expectations. Cash costs at Wolverine have fallen each successive month this fiscal year and are now currently running below \$100 per tonne.

In hindsight, as one of the harshest global recessions of the past generation settled upon us, it was our financial strength and operational improvements that allowed us to endure these times. All our mines are currently cash positive. Albeit operating at reduced operating levels, which is a reflection of demand. Steel mills around the world cut back production as much as 50% earlier this year. We too had to cut back. Despite this, the price for our hard coking coal for the current contract year settled at US\$126 per tonne, the second highest on record.

The high price during a time of recession tells us several things:

- The cost of to mine high quality coal is more expensive, which means the future price of coal going forward will be higher than it has been in the past,
- We deliver a quality product with quality service that customers need,
- We offer a diversity of supply for customers to help them mitigate their risks.
- And most importantly, our operating costs are competitive, particularly in PCI, which is the fastest growing sector of the world met coal market.

With the production curtailments taken by coal producers and the recent increase in demand, the spot price of hard coking coal is once again on the uptick. It is currently over US\$170 per tonne (and climbing). There is just not enough supply to meet current demands. Much has been made of the rising levels of coking coal imports into China, which is now forecasted to be over 25 million tonnes this calendar year versus the 4 million imported in China all of last year, but there have also been increases in demand from Korea and Japan with mills there now operating at over 90% of capacity. All this bodes well for the price of coal for next year's contracts. Some industry analysts are forecasting over US\$160 per tonne for coking coal. I believe if the steel industry recovery continues at the same rate as the past six months, prices will exceed these expectations.

It was also our financial strength that allowed us to opportunistically acquire Cambrian Mining. Without a doubt the acquisition has been a success. The entrepreneurial cultures of the two organizations have made integration seamless. The mines in West Virginia are well managed and as such are cash positive and contributing to the Company's success.

As John Hogg will provide in further detail shortly, our goal is to grow our existing business to over 10 million tonnes per year from our existing mines. The opportunities and potential returns are tremendous. The projects include:

- Expanding Brule to a 2 million per year operation,
- Developing an underground mine at Perry Creek, which will expand the operations at Wolverine to nearly 3 million tonnes per year,
- Re-starting and expanding Willow Creek to a 1.8 million tonne producer of PCI and hard coking coal,
- Purchasing new equipment at the two mines, Maple Coal and Gauley Eagle, in West Virginia to their full potential of 2 million tons and 1.5 million tons, respectively.
- And, assisting in the development of Energybuild Group Plc, which we have a 50.6% interest, to grow to 750,000 tonnes per year, with further opportunities beyond that.

Considering the oversubscription of our recent \$60 million equity financing we completed in the summer, the markets also see and believe in the potential of our operations.

We will also grow through acquisitions. We currently operate in three coal rich regions – northeast BC, West Virginia and Wales – and that's where the growth can come from. There are accretive opportunities close to us that we can take advantage of.

As you've heard me say before, our goal is to become a major international coal company.

As announced on Friday, part of that goal was realized with the disposal of AGD Mining, our small gold operation in Australia, to Mandalay Resources. We have structured a transaction I believe will deliver Western shareholders far more than simply selling AGD. By taking shares in Mandalay, which has a diversified and growing portfolio of mining assets, we will exit our passive investment over time and I believe as a consequence will realize more value.

Of particular importance is the management team that has been assembled to manage Mandalay. This team is headed by Brad Mills, who is with us today. Brad has over 30 years experience in the resource sector on boards and senior management positions.

To induce Mr. Mills and his team, we have granted options on approximately 50% of our share holdings of Mandalay. These options are priced between \$0.25 to \$0.31 per share. This will still leave Western with over 20% of Mandalay in shares and warrants.

The only other non-coal holding is our 45% interest in Xtract Energy. This company recently announced an oil discovery in Turkey. Your Board is currently reviewing the best way to realize full returns on this investment. I would expect a decision within the next six months.

In closing, we operate in a highly competitive environment. Your Board and management team have shown it can not only compete but thrive in this environment. Combine their talents with our strategy and quality assets, our dedicated and loyal employees, and you have a company that shareholders should expect to generate superior returns.

I'll now pass the meeting over to John Hogg, our President & CEO who will offer some insight into the expansion opportunities at our mines.