



Investor Conference Call

Westmoreland Enters MLP Space

Agrees to Acquire the General Partner of Oxford Resource Partners

October 16, 2014



Forward Looking Statements

This document contains “forward-looking statements.” Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements we make about the fulfillment of all conditions to allow the transaction to close, that our cost-protected contract pricing insulates our business from the broader coal price environment, that the transaction will result in higher MLP valuation multiples, be accretive, create value for WLB shareholders, will restart distributions at the LP or create distribution growth, and that WLB will refinance its debt in the near term.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We therefore caution you against relying on any of these forward-looking statements. They are statements neither of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include political, economic, business, competitive, market, weather and regulatory conditions and the following:

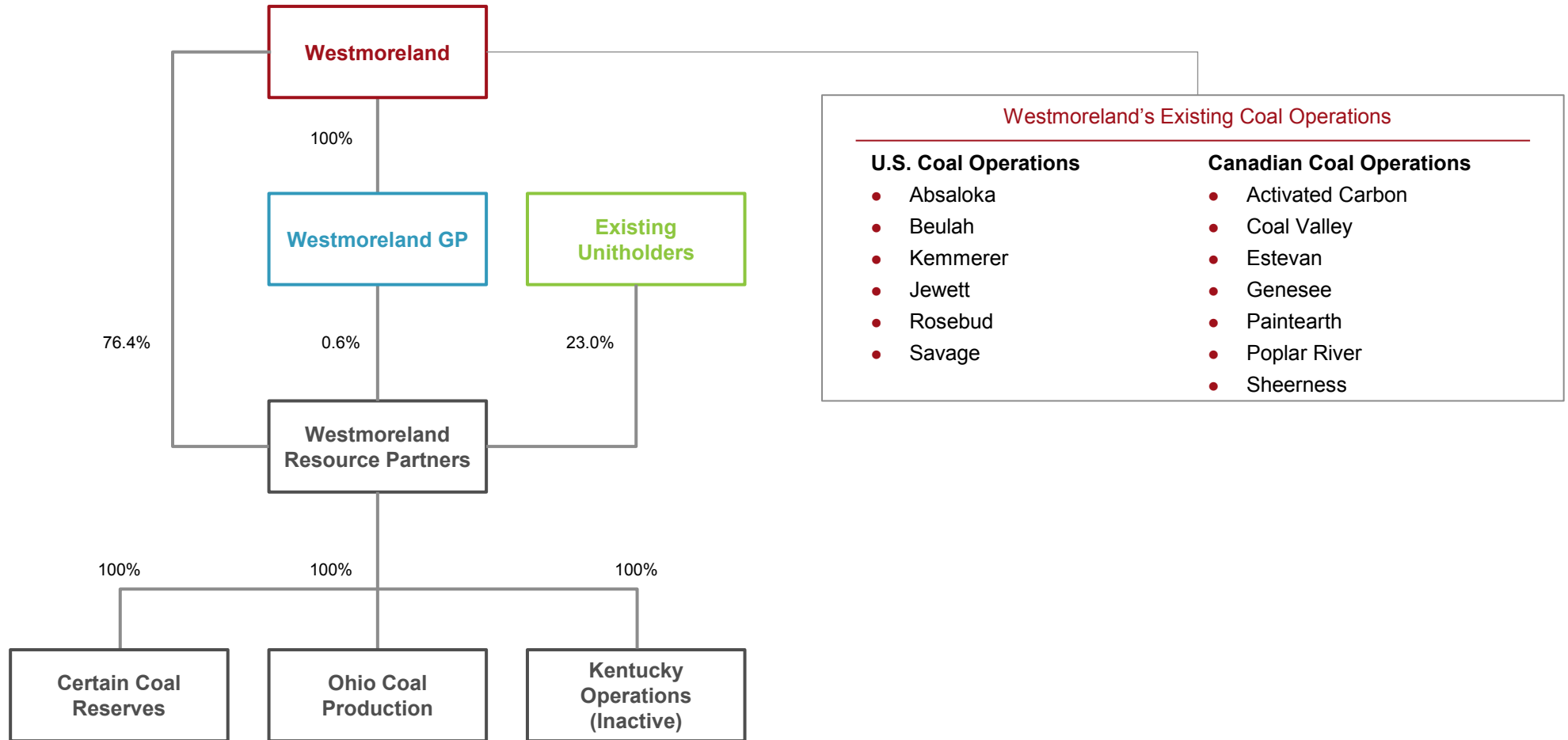
- The ability of our ROVA power assets to generate free cash flow due to the fully-hedged power position through March 2019;
- Our substantial level of indebtedness;
- The effect of Environmental Protection Agency inquiries and regulations on the operations of the power plants we provide coal to;
- Future legislation and changes in regulations, governmental policies and taxes, including those aimed at reducing emissions of elements such as mercury, sulfur dioxides, nitrogen oxides, particulate matter or greenhouse gases;
- The effect of prolonged maintenance or unplanned outages at our operations or those of our major power generating customers;
- Our potential inability to expand or continue current coal operations due to limitations in obtaining bonding capacity for new mining permits, and/or increases in our mining costs as a result of increased bonding expenses;
- The potential inability of our subsidiaries to pay dividends to us due to reductions in planned coal deliveries or other business factors;
- Changes in our post-retirement medical benefit and pension obligations and the impact of the recently enacted healthcare legislation;
- The impact of the recently enacted healthcare legislation and its effect on our employee health benefit costs;
- Our expansion into international operations, which exposes us to risks relating to exchange rates and exchange controls, general economic and political conditions, costs associated with compliance with governmental regulations in multiple jurisdictions, tax-related risks and export or import requirements for, or restrictions related to, our products;
- Our efforts to effectively integrate the Canadian operations with our existing business and our ability to manage our expanded operations following the acquisition;
- Our ability to realize growth opportunities and cost synergies as a result of the addition of the Canadian operations; and
- Other factors that are described in “Risk Factors” in our 2013 Form 10-K and any subsequent quarterly filing on Form 10-Q.

Transaction Overview

- Westmoreland Coal Company (“Westmoreland”) announced that it will acquire Oxford Resources GP (“Oxford GP”), the general partner of Oxford Resource Partners LP (“Oxford”)
 - Includes general partner warrants and incentive distribution rights (“IDRs”)
- Westmoreland will sell certain royalty bearing coal reserves to Oxford
- A proposed equity restructuring at Oxford, and the contribution of the coal reserves, will enable Oxford to resume quarterly distributions at \$0.200 per pro forma unit
- Following the transactions, Westmoreland will own 100% of Oxford GP and 77% of Oxford
- Oxford will continue to operate as a stand-alone, publicly-traded master limited partnership (“MLP”) under the sponsorship of Westmoreland as the general partner
- Oxford GP and Oxford will be renamed as Westmoreland Resources GP (“Westmoreland GP”) and Westmoreland Resource Partners, LP (“Westmoreland LP”), respectively
- The transactions are expected to close in Q4 2014 conditioned upon:
 - Majority approval of Oxford unaffiliated common unitholders
 - Westmoreland amending or refinancing all of its existing debt






Transformation of Westmoreland and Oxford

SIMPLIFIED POST-TRANSACTION STRUCTURE



Westmoreland Overview

- Formed in 1854, Westmoreland is the 6th largest North American coal producer⁽¹⁾
- Operates 12 surface coal mines, two coal-fired power generating units, and an activated carbon plant
- Closed acquisition of Sherritt International's coal assets in April 2014
- Well-positioned to deliver shareholder value:
 - Leading market position with low-cost operating model
 - Generating consistent cash flows
 - Cost-protected contract pricing insulates business from broader market
 - Strong track record of delivering growth and integrating acquisitions
- Award-winning safety and environmental performance, winning state and national awards

	 	 	 WESTMORELAND COAL COMPANY
Coal Sales (Mst)	25	26	51
Revenue (US\$ mm)	\$675	\$652	\$1,327
Adj. EBITDA (US\$ mm)	\$116	\$123	\$239
Operating Mines (Qty)	6	6	12
Reserves (Mst)	514	676	1,191

Strategic Rationale



- Establishes instant MLP platform to drop down U.S. and Canadian assets
- Creates path toward higher MLP valuation multiples
- Tax assets provide protection for future drop downs
- Becomes a “sponsored” MLP
- Access to a portfolio of high quality assets to sustain future drop-downs
- Provides greater certainty of future distribution growth

Creates a Premier Coal-Focused MLP

- ☑ Strategic partnership between coal parent and MLP
- ☑ Value accretive to both partners

Benefits for Westmoreland Shareholders

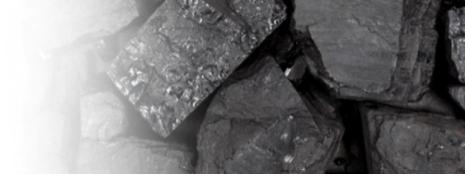
- ✓ Continued growth that fits Westmoreland's model:
 - Low cost surface mining
 - Transportation advantaged operations
 - Long-term operating contracts
 - High quality customers
 - Strong employee relations and safety culture

- ✓ Asset diversification into the eastern U.S.

- ✓ Embedded 100%-ownership of Westmoreland GP and IDRs

- ✓ Participate in significant Oxford free cash flow generation through Westmoreland's ownership in LP units

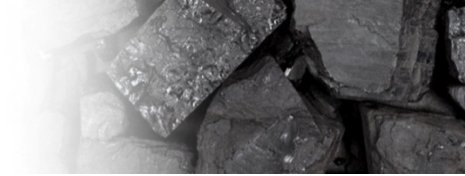
- ✓ Gives access to high value currency for third-party acquisitions



Benefits for Oxford Unitholders

- ✓ Allows restart of quarterly distribution
- ✓ Provides greater certainty of distribution growth
- ✓ Eliminates overhang of subordinated units
- ✓ Westmoreland's operations characterized by long-term stable cash flows
- ✓ Diversifies geographical asset base
- ✓ Improvement in cash flow generation from cost synergies
- ✓ Strengthens capital structure

Proposed Oxford and Westmoreland Refinancings



Oxford Refinancing

- New \$175 million credit facility
- Proceeds used to repay existing credit facilities and fees
- Four year maturity
- Additional \$120 million delayed draw to fund acquisitions over the next year
- \$150 million accordion takes effect when delayed draw expires to fund additional acquisitions

Proposed Westmoreland Amendment or Refinancing

- Westmoreland must seek consent from our lenders or amend or refinance our existing debt arrangements because those arrangements would otherwise prohibit consummation of the contemplated transactions

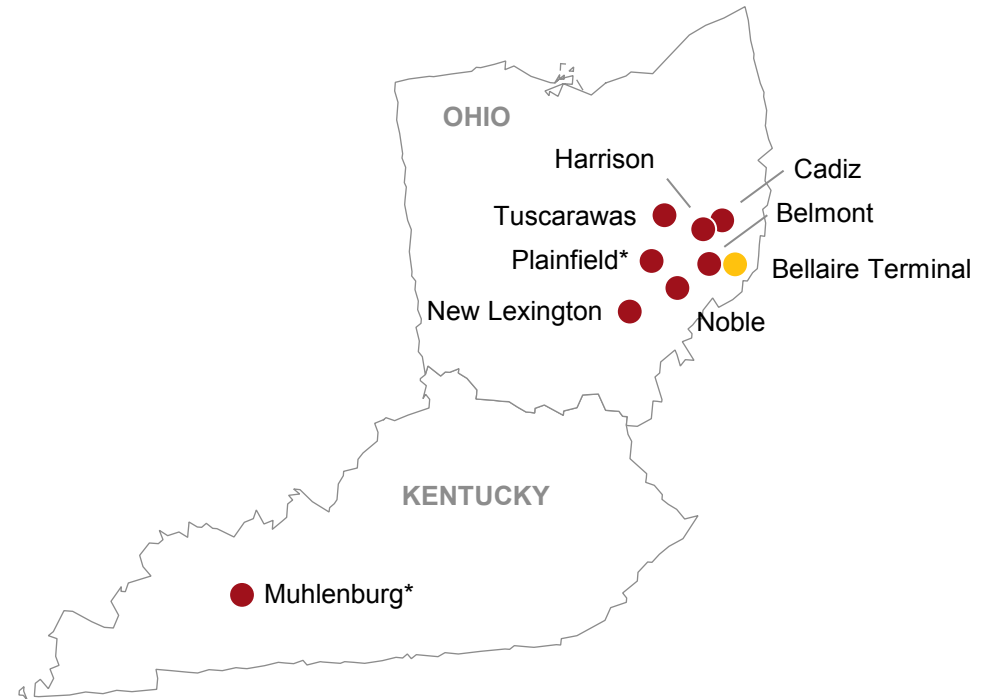
Proposed Oxford and Westmoreland capital structures provide enhanced flexibility

Oxford Resource Partners Overview

OVERVIEW

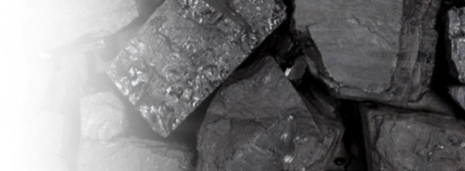
- Low-cost producer of high-value thermal coal
- Fifteen active surface mines and six mining complexes
- Largest producer of surface-mined coal in Ohio
 - High proportion of committed sales
 - Supplies coal to large utilities with base-load scrubbed power plants
- Operations strategically located near customers with the flexibility to ship by barge, truck or rail
- Strong safety culture
- IPO'd on July 19, 2010

NORTHERN APPALACHIAN PRODUCER



Low cost, surface mines supplying scrubbed base-load utilities

Building a North American Coal Leader



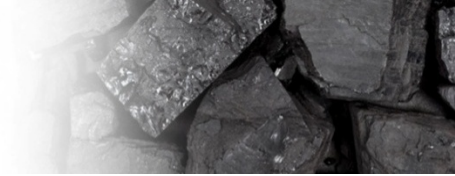
Proposed Oxford Equity Restructuring

- Unanimously approved by Oxford’s board of directors; requires Oxford unitholder vote
- A 12-to-1 reverse split
- Subordinated units convert to liquidation units and cancel subordinated unit warrants
- Waive and eliminate current cumulative common unit arrearages
- Reset minimum quarterly distribution (“MQD”) and restructure IDRs

TOTAL QUARTERLY DISTRIBUTIONS PER UNIT TARGET AMOUNT

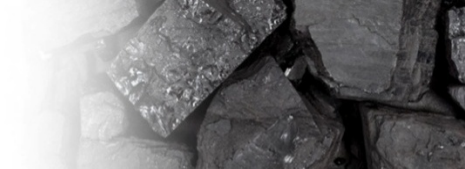
	Total Quarterly Distribution Target Amount	Unitholders	General Partner ⁽¹⁾
	(Per Unit)	(%)	(%)
Minimum Quarterly Distribution	\$0.1333	99.4%	0.6%
First Target Distribution	Above \$0.1333 to \$0.1533	99.4%	0.6%
Second Target Distribution	Above \$0.1533 to \$0.1667	86.4%	13.6%
Third Target Distribution	Above \$0.1667 to \$0.2000	76.4%	23.6%
Thereafter	Above \$0.2000	51.4%	48.6%

Westmoreland's Support of Oxford Equity Restructuring



- Sale of royalty bearing coal reserves are expected to generate approximately \$5.8 million in average annual cash flow for Westmoreland LP over the 2015-18 period
 - Total cash flow stream will last through the mid-2020s
 - No capital expenditure commitment
 - Westmoreland supplies certainty of cash flows through minimum royalty payment
- Westmoreland to relinquish its right to receive IDRs for up to six quarters following closing
 - May be shortened if additional drop downs are completed
- Westmoreland to authorize a one-time special distribution to unaffiliated unitholders consisting of 202,184 post-reverse split common units
 - Represents an approximately 25% “unit dividend”

Future Potential Asset Drop Downs



OVERVIEW

- Large inventory of MLP-eligible assets at Westmoreland
- Ability to drive growth at GP and partnership levels
- Expect future drop downs to be funded by a combination of cash and LP units at fair market value
 - Subject to Westmoreland Partners Special Committee and Westmoreland board approval
- Westmoreland receives on-going income from distributions through its ownership in the GP and LP units

STABLE OF POTENTIAL DROP DOWN ASSETS

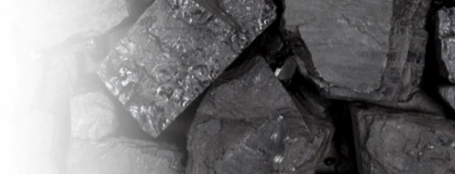
- US Assets
 - Jewett
 - Kemmerer
 - Rosebud
- Canadian Assets
 - Activated Carbon
 - Char Plant
 - Estevan
 - Genessee
 - Paintearth
 - Poplar River
 - Sheerness

\$210 - \$230 mm of Westmoreland's pro forma EBITDA represent ideal MLP drop-down candidates

Summary Unit Count

<i>In thousands of units</i>	Initial Common Units	Adjustments				Total	% of Total
		12:1 Reverse Unit Split	25% Unit Dividend	Anti-Dilution on Warrant Units	Kemmerer Reserve Acquisition		
Existing Common Units							
AIM Oxford Holdings, LLC	709.1	59.1	--	--	--	59.1	1.0%
C&T Coal, Inc.	360.9	30.1	--	--	--	30.1	0.5%
LTIP issuances	621.0	51.8	12.9	--	--	64.7	1.1%
General public	9,083.8	757.0	189.2	--	--	946.2	16.0%
Warrant Units	1,955.7	163.0	--	3.2	--	166.2	2.8%
LTIP Units	1,078.9	89.9	--	--	--	89.9	1.5%
Total Existing Common Units	13,809.4	1,150.8	202.2	3.2	--	1,356.2	23.0%
Westmoreland							
Common Units	--	--	--	--	4,512.5	4,512.5	76.4%
General Partner Units	423.5	35.3	--	--	--	35.3	0.6%
Total Units	14,232.9	1,186.1	202.2	3.2	4,512.5	5,904.0	100.0%

Investor Relations



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