

Extractive Sector Transparency Measures Act Report

Reporting Year **From:** 01/01/2016 **To:** 31/12/2016
Reporting Entity Name Westmoreland Canada Holdings Inc.
Reporting Entity ESTMA Identification Number E278280
Subsidiary Reporting Entities (if necessary) Westmoreland Prairie Resources Inc. E160442, Prairie Mines & Royalty ULC
E162822

Attestation: Please check one of the the boxes below and provide the required information

Attestation (by Reporting Entity)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Attestation (through independent audit)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.

*The auditor expressed an unmodified opinion, dated 2017-05-30, on the ESTMA report for the entity(ies) and period listed above.
The independent auditor's report can be found at <http://westmoreland.com/wp-content/uploads/2017/06/2016-estma-report.pdf>*

Director or Officer of Reporting Entity Full Name: Gary Kohn **Date:** 2017-05-30
Position Title: Chief Financial Officer and Treasurer

EXTRACTIVE SECTOR TRANSPARENCY MEASURES ACT ANNUAL REPORT

Reporting Year

From: 01/01/2016 To: 31/12/2016

Reporting Entity Name

Westmoreland Canada Holdings Inc.

Reporting Entity ESTMA Identification Number

E278280

Subsidiary Reporting Entities (if necessary)

Westmoreland Prairie Resources Inc. E160442, Prairie Mines & Royalty ULC E162822

Payments by Payee										
Country	Payee Name	Taxes	Royalties	Fees	Production entitlements	Bonuses	Dividends	Infrastructure Improvement	Total Amount paid to Payee	Notes
Canada	County of Paintearth	140,000	-	-	-	-	-	-	140,000	
Canada	Government of Alberta	260,000	1,860,000	890,000	-	-	-	-	3,010,000	Government Agency - Category of payment Alberta Energy - Royalties Alberta Energy Regulator - Royalties Alberta Environment and Sustainable Resource Development - Fees Special Areas Board - Taxes
Canada	Government of Canada - Canada Revenue Agency	1,830,000	-	-	-	-	-	-	1,830,000	
Canada	Government of Saskatchewan	5,300,000	29,160,000	120,000	-	-	-	960,000	35,540,000	Government Agency - Category of payment Minister of Finance - Taxes Ministry of Energy and Resources - Royalties Ministry of Highways and Infrastructure - Infrastructure Improvement Payments Ministry of the Economy - Taxes, Royalties, & Fees
Canada	Leduc County	250,000	-	-	-	-	-	-	250,000	

Canada	Rural Municipality of Estevan No.5	3,090,000	-	-	-	-	-	-	3,090,000	
Canada	Rural Municipality of Hart Butte No. 11	2,740,000	-	-	-	-	-	-	2,740,000	
Canada	Rural Municipality of Coalfields No. 4	1,170,000	-	-	-	-	-	-	1,170,000	
Canada	Yellowhead County	540,000	-	-	-	-	-	-	540,000	

EXTRACTIVE SECTOR TRANSPARENCY MEASURES ACT ANNUAL REPORT**Reporting Year****From: 01/01/2016 To: 31/12/2016****Reporting Entity Name***Westmoreland Canada Holdings Inc.***Reporting Entity ESTMA Identification Number***E278280***Subsidiary Reporting Entities (if necessary)***Westmoreland Prairie Resources Inc. E160442, Prairie Mines & Royalty ULC E162822*

Payments by Project										
Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	Paintearth Mine	140,000	230,000	-	-	-	-	-	370,000	
Canada	Sheerness Mine	260,000	360,000	-	-	-	-	-	620,000	
Canada	Estevan Mine	9,550,000	19,660,000	150,000	-	-	-	960,000	30,320,000	
Canada	Poplar River Mine	2,740,000	9,500,000	-	-	-	-	-	12,240,000	
Canada	Coal Valley Mine	540,000	1,260,000	600,000	-	-	-	-	2,400,000	
Canada	Genesee	250,000	-	-	-	-	-	-	250,000	

**EXTRACTIVE SECTOR TRANSPARENCY
MEASURES ACT ANNUAL REPORT**

**WESTMORELAND CANADA HOLDINGS
INC.**

Year ended December 31, 2016



INDEPENDENT AUDITORS' REPORT

To Those Charged with Extractive Sector Transparency Measures Act Governance
at **Westmoreland Canada Holdings Inc.**

We have audited the accompanying Extractive Sector Transparency Measures Act Annual Report of **Westmoreland Canada Holdings Inc.** [the "Company"], which comprise the schedules of payments on payee basis and payments on project basis for the year ended December 31, 2016 [the "Schedules"]. The Schedules have been prepared by management in accordance with the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s 376 [the "Act"].

Management's responsibility for the Schedules

Management is responsible for the preparation of the Schedules in accordance with the Act, and for such internal control as management determines is necessary to enable the preparation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the Schedules based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the Extractive Sector Transparency Measures Act Annual Report of **Westmoreland Canada Holdings Inc.** for the year ended December 31, 2016, is prepared, in all material respects, in accordance with the Act.

Basis of accounting and restriction on distribution

Without modifying our opinion, we draw attention to the Schedules, which describes the basis of payments. The Schedules are prepared to assist the Company to meet the requirements of the Act. As a result, the Schedules may not be suitable for another purpose. Our report is intended solely for the Company and Natural Resources Canada, and should not be distributed to parties other than Natural Resources Canada and the Company.

Edmonton, Canada
May 30, 2017

Ernst + Young LLP

Chartered Professional Accountants

