



This is the 18th Affidavit of William E. Aziz in this case and was made on February 21, 2018

NO. S-1510120
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF THE PLAN OF COMPROMISE AND ARRANGEMENT OF NEW
WALTER ENERGY CANADA HOLDINGS, INC., NEW WALTER CANADIAN COAL
CORP., NEW BRULE COAL CORP., NEW WILLOW CREEK COAL CORP., NEW
WOLVERINE COAL CORP. AND CAMBRIAN
ENERGYBUILD HOLDINGS ULC

PETITIONERS

AFFIDAVIT

I, **WILLIAM E. AZIZ**, Chief Restructuring Officer, of the Town of Oakville, in the Province of Ontario,
MAKE OATH AND SAY AS FOLLOWS:

1. I am the President of BlueTree Advisors Inc. ("**BlueTree**") which has been retained to provide my services as Chief Restructuring Officer ("**CRO**") to the Petitioners (the "**New Walter Canada Group**"). As such I have personal knowledge of the facts hereinafter deposed, except where such facts are stated to be based upon information and belief, and where so stated I do verily believe the same to be true.
2. This Affidavit is made in support of a motion by the New Walter Canada Group under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") seeking the following relief:
 - (a) An Order amending paragraph 3 of the Order pronounced on December 13, 2017 by this Honourable Court (the "**Stay Extension & Energybuild Order**"), *nunc pro tunc*, to replace the words "Energybuild Ltd." with "Energybuild Holdings Limited".

(b) An Order extending the stay of proceedings in respect of the New Walter Canada Group to April 16, 2018.

3. I was initially retained by Walter Energy Canada Holdings, Inc. ("**Walter Energy Canada**") to provide my services as CRO to Walter Energy Canada, its direct and indirect subsidiaries and affiliates, and the partnerships listed on Schedule "C" to the Initial Order (collectively, the "**Old Walter Canada Group**"). I was retained pursuant to an engagement letter dated December 30, 2015, as amended in response to certain requests made by Old Walter Canada Group stakeholders. BlueTree was appointed as CRO of the Old Walter Canada Group pursuant to the Order of this Honourable Court made on January 5, 2016 (the "**SISP Order**").

4. My engagement as CRO of the Old Walter Canada Group, other than as CRO of Cambrian, was terminated on December 15, 2016, when the entities comprising that group filed for bankruptcy.

5. The companies comprising the New Walter Canada Group (other than Cambrian) were incorporated on December 8, 2016, pursuant to the authorization granted in paragraph 5 of the Order of this Honourable Court made on December 7, 2016 (the "**CCAA Procedure Order**"). Each such company became a Petitioner in these CCAA proceedings and subject to the CCAA Charges (as defined in the CCAA Procedure Order), and I became CRO of each new company in the New Walter Canada Group when the companies were formed.

6. Capitalized terms used but not defined in this Affidavit have the meanings given in my previous affidavits.

7. The information in this Affidavit is arranged under the following headings:

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I. **THE SPECIALITY CARBONS OFFER LETTER**

8. On December 13, 2017, this Honourable Court made the Stay Extension & Energybuild Order, following which Energybuild Holdings Limited entered into the Offer Letter with Speciality Carbons Limited ("**Specialty Carbons**").¹

¹ As discussed in greater detail below, the Stay Extension & Energybuild Order contained a typo and mistakenly referred to "Energybuild Ltd." instead of "Energybuild Holdings Limited."

9. Subsequently, the New Walter Canada Group and Speciality Carbons began negotiating the share sale agreement contemplated by the Offer Letter. During these negotiations, Speciality Carbons has significantly improved upon its original offer.
10. At this time, negotiations of the share sale agreement are nearly complete and it is anticipated that the Petitioners will be filing supplemental materials prior to February 27, 2018 to seek this Court's authorization of Cambrian directing Energybuild Holdings Limited to enter into and consummate the transactions set out in the share sale agreement.
11. In light of this state of affairs and the intended closing date for the transaction, at this time the Petitioners are not seeking the approval of further advances to the Energybuild companies.

II. CORRECTING STAY EXTENSION & ENERGYBUILD ORDER

12. The Stay Extension & Energybuild Order contains an error that the New Walter Canada Group is seeking to correct.
13. In paragraph 3, the Order authorized "Energybuild Ltd." to execute the Offer Letter from Speciality Carbons. However, the Offer Letter was executed by Energybuild Holdings Limited regarding the sale of Energybuild Limited and its affiliates, and not by Energybuild Limited in respect of itself.
14. The reference to "Energybuild Ltd." in paragraph 3 of the Stay Extension & Energybuild Order was a typographical error. Therefore, the New Walter Canada Group is seeking an order correcting this error.

III. STAY EXTENSION

15. This Honourable Court granted a stay of proceedings in the Initial Order, until January 6, 2016 or such later date as this Honourable Court may order (the "**Stay Period**"). On January 5, 2016, this Honourable Court extended the Stay Period until and including April 5, 2016. On March 30, 2016, this Honourable Court extended the Stay Period until and including June 24, 2016. On June 24, 2016, this Honourable Court extended the Stay Period until and including August 19, 2016. On August 16, 2016, this Honourable Court extended the Stay Period until and including January 17, 2017. On January 16, 2017, this Honourable Court extended the Stay Period until and including May 31, 2017. On May 30, 2017, this Honourable Court extended the Stay Period until and including October 6, 2017. On October 6, 2017, this Honourable Court extended the Stay Period until and including December 15, 2017. On December 13, 2017, this Honourable Court extended the Stay Period until and including February 28, 2018.
16. Since the last stay extension granted by this Honourable Court, the New Walter Canada Group and I have taken the following steps in these proceedings:

- (a) Continued to develop a plan of compromise and arrangement and to address distribution mechanics.
 - (b) Engaged in negotiations with Speciality Carbons regarding a share sale agreement.
 - (c) Continued to address the claim asserted by Mr. Kevin James, including obtaining and filing with this Honourable Court an expert report on the valuation of the royalty claimed by Mr. James under the Royalty Sharing Agreement and related materials pursuant to the Sealing Order made by this Honourable Court on December 13, 2017.
 - (d) Responded, through the Monitor, to inquiries from Service Canada in connection with a potential distribution to employee claimants.
 - (e) Responded to creditor inquiries.
17. The New Walter Canada Group is requesting an extension of the Stay Period until and including April 16, 2018. This extension is being requested to allow the New Walter Canada Group to finish preparing a plan of compromise and arrangement that can be put to the New Walter Canada Group's creditors, close the transaction with Specialty Carbons (if approved by the Court), and continue litigating Mr. James' claim. It is anticipated that the Petitioners will be seeking to file a plan of arrangement within the proposed extended Stay Period.
18. From my review of the current cash flow projections, I do verily believe that the New Walter Canada Group will have sufficient operating cash to continue operations during the proposed extended Stay Period.
19. The New Walter Canada Group has been proceeding in good faith and with due diligence in these proceedings.
20. It is my understanding that the Monitor supports the extension of the Stay Period and will file a report attaching a cash flow forecast that demonstrates, subject to the assumptions more fully set out in the report, that the New Walter Canada Group has sufficient liquidity to continue its operations as currently conducted through to the end of the proposed extended Stay Period.
21. It is in the best interests of the New Walter Canada Group and all its stakeholders that the Stay Period be extended to April 16, 2018 to enable the New Walter Canada Group to finish preparing a plan of compromise and arrangement that can be put to the New Walter Canada Group's

creditors, close the transaction with Specialty Carbons (if approved by the Court), and continue litigating Mr. James' claim.

SWORN BEFORE ME at Toronto, in
the Province of Ontario, on February
21, 2018.



Commissioner for Taking Affidavits
and Notary Public in the Province of
Ontario

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COAL CORP. AND CAMBRIAN ENERGYBUILD
HOLDINGS ULC

PETITIONERS

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