



This is the 8th Affidavit of William E. Aziz in this case and was made on December 20, 2016

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 A PLAN OF COMPROMISE OR ARRANGEMENT OF
WALTER ENERGY CANADA HOLDINGS, INC. AND THE OTHER
PETITIONERS LISTED ON SCHEDULE "A"

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 by Walter Energy Canada Holdings, Inc. ("**Walter Energy Canada**") to provide my services as Chief Restructuring Officer ("**CRO**") to Walter Energy Canada, its direct and indirect subsidiaries and affiliates listed on Schedule "A" (collectively with Walter Energy Canada, the "**Canadian Petitioners**") and the partnerships listed on Schedule "C" to the Order of this Honourable Court made on December 7, 2015 (the "**Initial Order**") (collectively with the Canadian Petitioners, the "**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 Canadian Petitioners under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") seeking the following Orders:

- (a) An Order of the Court approving the joint proposal dated as of December 19, 2016 (the "**Proposal**") made by Walter Energy Canada, Walter Canadian Coal Partnership, Walter Canadian Coal, ULC, Wolverine Coal Partnership, Wolverine Coal ULC, Brule Coal Partnership, Brule Coal ULC, Willow Creek Coal Partnership, Willow Creek Coal ULC, Pine Valley Coal Ltd., and 0541237 B.C. Ltd. (collectively, the "**Subject Walter Energy Entities**") as it applies to New Walter Energy Canada Holdings, Inc., New Walter Canadian Coal Corp., New Brule Coal Corp., New Willow Creek Coal Corp., and New Wolverine Coal Corp. (collectively, the "**New Walter Group**").
 - (b) An Order of the Court transferring the Transferred Assets (as described below) to entities in the New Walter Group.
 - (c) An Order of the Court deeming each of the applicable member(s) of the New Walter Group liable for all Deemed Claims (as described below) of the corresponding Walter Canada Group entity.
 - (d) An Order terminating this CCAA proceeding in respect of the Subject Walter Energy Entities.
 - (e) An Order authorizing, but not requiring, Cambrian Energybuild Holdings ULC ("**Cambrian**") to loan up to £250,000.00 to Energybuild Ltd. ("**Energybuild**"), on a secured basis, to provide working capital to Energybuild.
3. I was retained pursuant to an engagement letter dated December 30, 2015 (the "**BlueTree Engagement Letter**"), as amended in response to certain requests made by Walter Canada Group stakeholders. BlueTree was appointed as CRO of the Walter Canada Group pursuant to paragraph 9 of the Order of this Honourable Court made on January 5, 2016 (the "**SISP Order**").
 4. As the CRO of the Walter Canada Group, in accordance with the SISP Order, I have the authority to direct the Walter Canada Group's Sales and Investment Solicitation Process ("**SISP**"), to engage in consultation and negotiation with stakeholders regarding the SISP, and to engage in such other matters as are set out in the BlueTree Engagement Letter.
 5. Pursuant to the terms of the Order of this Honourable Court made on December 7, 2016 (the "**CCAA Procedure Order**"), I became the CRO of the New Walter Group when the entities comprising that group were formed.

I. BACKGROUND: TRANSACTION FOR REMAINING ASSETS AND THE PROPOSAL

6. As described in my fifth affidavit sworn on December 2, 2016 in these proceedings (the "**Fifth Aziz Affidavit**"), after completing a SISP for the Remaining Assets (as defined in the Fifth Aziz Affidavit) of the Walter Canada Group, the Walter Canada Group, 1098138 B.C. Ltd., as purchaser (the "**Purchaser**"), and Amacon Land Corporation, as guarantor, entered into a term sheet made November 28, 2016 (the "**Term Sheet**").
7. The Term Sheet contemplated that the Purchaser would acquire all of the shares of Walter Energy Canada, and its interests in Wolverine Coal Partnership, Walter Canadian Coal ULC, Wolverine

Coal Partnership, Wolverine Coal ULC, Brule Coal ULC, Brule Coal Partnership, Willow Creek Coal ULC, Willow Creek Coal Partnership, Pine Valley Coal Ltd. and 0541237 B.C. Ltd.

8. The transaction outlined in the Term Sheet (the "**Transaction**") included, among other things, the following steps:
 - (a) The Subject Walter Energy Entities assigning themselves into bankruptcy; and
 - (b) The Subject Walter Energy Entities presenting the Proposal to their creditors to cause the transfer of substantially all of the assets of the Walter Canada Group (the "**Transferred Assets**") and to cause all of the Claims against the Walter Canada Group, with some exceptions, to be deemed claims against the New Walter Group (the "**Deemed Claims**").
9. The Transaction was approved by the CCAA Procedure Order.
10. The New Walter Group entities were formed on December 8, 2016.
11. An amendment to the steps to the Transaction set out in the Term Sheet was approved by the Court by order pronounced on December 12, 2016. Thereafter, the Purchaser paid the balance of the Purchase Price to the Monitor, to hold pending closing of the Transaction.
12. Pursuant to the authorization granted in the CCAA Procedure Order, the Subject Walter Energy Entities filed an assignment in bankruptcy on December 15, 2016 and applied for an Order of this Honourable Court, sitting in bankruptcy and insolvency, among other things, procedurally consolidating the eleven estates under one Court file and abridging certain time periods set in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA Procedural Order**").
13. On December 19, 2016, the first meeting of creditors in the consolidated bankruptcy of the Subject Walter Energy Entities was held, the appointment of KPMG Inc. as bankruptcy trustee was affirmed, and inspectors of the bankruptcy estates were appointed. I was appointed an inspector as was Jeff Sanders, counsel to the United Steel Workers Local 1-424, representing the former employees of the Wolverine Mine.
14. On December 19, 2016, the first meeting of inspectors was held. Among other things, the inspectors authorized the filing of the Proposal with the Official Receiver appointed under the *Bankruptcy and Insolvency Act*.
15. On December 19, 2016, the Creditors Meeting required under the Proposal was convened to permit Affected Creditors to consider and vote on the Proposal. All Affected Claimants who attended the meeting in person or by proxy or who sent in voting letters in respect of the Proposal voted in favour of the Proposal. Mr. Sanders and I were also appointed inspectors in respect of the Proposal proceedings.

16. I understand that KPMG Inc. will file a report with further details regarding the votes received in respect of the Proposal and will bring an application for an order of the Court approving the Proposal and giving effect to its terms (the "**BIA Proposal Sanction Order**"). Attached hereto as **Exhibit "A"** is KPMG Inc.'s Report on the Joint Proposal (without exhibits).

II. REQUESTED ORDER TO GIVE EFFECT TO PROPOSAL

17. In light of the foregoing and to give further effect to the Proposal, the Walter Canada Group is requesting an Order in this CCAA proceeding that will give effect to the Proposal and allow the Walter Canada Group to take further steps needed to complete the Transaction.

18. The principal features of the Order being sought are that, upon the filing of the Monitor's certificate, the following shall occur:

- (a) The Proposal, as it applies to the New Walter Group and as it relates to this CCAA proceeding will be approved and shall become effective and binding on the New Walter Group in accordance with the terms and conditions set forth in the Proposal and the BIA Proposal Sanction Order.
- (b) All of the Walter Canada Group's rights, title and interest in the Transferred Assets will be transferred and deemed to be transferred to the applicable member(s) of the New Walter Group, subject to any agreement among the members of the New Walter Group, as follows:
 - (i) All Transferred Assets of Wolverine Coal ULC and Wolverine Coal Partnership will be transferred to New Wolverine Coal Corp.;
 - (ii) All Transferred Assets of Brule Coal ULC and Brule Coal Partnership will be transferred to New Brule Coal Corp.;
 - (iii) All Transferred Assets of Willow Creek Coal ULC, Willow Creek Coal Partnership, and Pine Valley Coal Ltd. will be transferred to New Willow Creek Coal Corp.;
 - (iv) All Transferred Assets of Walter Canadian Coal ULC, 0541237 B.C. Ltd., and Walter Canadian Coal Partnership (including, for greater certainty, the Walter Canadian Coal Partnership assets consisting of the shares of Cambrian, the Walter Canadian Coal Partnership's shares of Belcourt Saxon Coal Ltd., and the Walter Canadian Coal Partnership's interest in Belcourt Saxon Coal Limited Partnership) will be transferred to New Walter Canadian Coal Corp.; and
 - (v) All Transferred Assets of Walter Energy Canada will be transferred to New Walter Energy Canada Holdings, Inc.
- (c) Each of the applicable member(s) of the New Walter Group shall be deemed liable for all Deemed Claims (which, for greater certainty, exclude the Residual Liabilities and Priority Claims but include the Insolvency Claims, as defined in the CCAA Continuity Order) of the corresponding Walter Canada Group entity and New Walter Energy Canada Holdings, Inc. shall be deemed liable for the Deemed Interest Amount as follows:
 - (i) All Claims against Wolverine Coal ULC and Wolverine Coal Partnership shall be Deemed Claims against New Wolverine Coal Corp., New Walter Canadian Coal Corp., and New Walter Energy Canada Holdings, Inc.;


- (ii) All Claims against Brule Coal ULC and Brule Coal Partnership shall be Deemed Claims against New Brule Coal Corp., New Walter Canadian Coal Corp., and New Walter Energy Canada Holdings, Inc.;
 - (iii) All Claims against Willow Creek Coal ULC, Willow Creek Coal Partnership, and Pine Valley Coal Ltd. shall be Deemed Claims against New Willow Creek Coal Corp., New Walter Canadian Coal Corp., and New Walter Energy Canada Holdings, Inc.;
 - (iv) All Claims against Walter Canadian Coal Partnership, Walter Canadian Coal ULC, and 0541237 B.C. Ltd. shall be Deemed Claims against New Walter Canadian Coal Corp. and New Walter Energy Canada Holdings, Inc.;
 - (v) All Claims against Walter Energy Canada (other than any Claim in respect of the Promissory Note) shall be Deemed Claims against New Walter Energy Canada Holdings, Inc.; and
 - (vi) New Walter Energy Canada Holdings, Inc. shall be deemed liable for the Deemed Interest Amount, provided however that the Deemed Interest Amount shall be subject to the terms of the Claims Process Order and shall have the same status thereunder as the Claim to which it relates.
- (d) This CCAA proceeding will terminate in respect of the Subject Walter Energy Entities. However, the proceeding will continue in respect of every member of the New Walter Group and Cambrian.
- (e) This CCAA proceedings shall have a new style of cause to reflect the names of the New Walter Group entities.

III. LOAN TO ENERGYBUILD

19. Cambrian is seeking permission to loan up to £250,000.00 to Energybuild, on a secured basis, to provide working capital to Energybuild. As more fully described in the first affidavit of William G. Harvey sworn December 4, 2015 in these CCAA proceedings, Energybuild and its affiliates comprise the Walter U.K. Group. The Walter U.K. Group is wholly owned by Cambrian, which will be wholly owned by New Walter Canadian Coal Corp. following the closing of the Transaction.
20. Energybuild is the operating company that owns and operates the Aberpergym underground coal mine located at Glynneath in the Neath Valley. The mine is currently in care and maintenance.
21. In conjunction with the SISF process, the Walter Canada Group has been analyzing Energybuild's business and seeking opportunities to sell Energybuild and its affiliates. The Walter U.K. Group is currently in negotiations with an interested party regarding a potential sale of Energybuild and certain other companies in the Walter U.K. Group.
22. The Walter U.K. Group has been funding its operations through the sale of coal and through the funds remaining from a \$3 million loan made to the Walter U.K. Group by the Walter Canada Group in June 2015. However, according to cash flow forecasts prepared on December 8, 2016,

Energybuild only has sufficient cash to pay its creditors as they fall due until the week ending January 27, 2017. Energybuild may not be able to complete the transaction before it runs out of cash to pay its creditors.

23. The directors of Energybuild believe that a further month of trading will enable the sale of Energybuild to be completed, or for the directors to determine that the sale will not be completed and that other options need to be considered. The directors have requested that Cambrian advance £110,000 to assist Energybuild in meeting its working capital needs to the week ending March 3, 2017. I understand that Energybuild and its affiliates are willing and able to provide security in exchange for the funds being requested. Attached hereto as **Exhibit "B"** is a copy of the letter from Energybuild requesting the advance.
24. Cambrian is seeking authorization to loan up to £250,000 to Energybuild. Advancing the funds will permit Energybuild to continue negotiations with the interested party and potentially achieve a going concern solution. No funds in addition to the £110,000 already requested will be advanced unless it is determined that a further advance will be in the best interests of Cambrian and the New Walter Group.

SWORN BEFORE ME at the Town of Oakville,)
in the Province of Ontario, on December 20,)
2016.)
)
_____)
Commissioner for Taking Affidavits and Notary)
Public in the Province of Ontario)

SEAN STIDWILL



WILLIAM E. AZIZ

SCHEDULE "A"


Petitioners

1. Walter Canadian Coal ULC
2. Wolverine Coal ULC
3. Brule Coal ULC
4. Cambrian Energybuild Holdings ULC
5. Willow Creek Coal ULC
6. Pine Valley Coal, Ltd.
7. 0541237 B.C. Ltd.
8. New Walter Energy Canada Holdings, Inc.
9. New Walter Canadian Coal Corp.
10. New Wolverine Coal Corp.
11. New Brule Coal Corp.
12. New Willow Creek Coal Corp.

Partnerships

1. Walter Canadian Coal Partnership
2. Wolverine Coal Partnership
3. Brule Coal Partnership
4. Willow Creek Coal Partnership

This is Exhibit "A" referred to in Affidavit #8 of **William E. Aziz** sworn December 20, 2016 at Oakville, Ontario.



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

SEAN STIDWILL

District of British Columbia
Division No. 03 - Vancouver
Court No. B-160976
Estate No. 11-2199860, 11-2199859,
11-2199857, 11-2199861, 11-2199858,
11-2199862, 11-2199813, 11-254026,
11-254024, 11-254025, 11-254023

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE JOINT PROPOSAL OF
WALTER ENERGY CANADA HOLDINGS, INC., WALTER CANADIAN COAL ULC,
BRULE COAL ULC, WILLOW CREEK COAL ULC, PINE VALLEY COAL LTD.,
WOLVERINE COAL ULC, 0541237 B.C. LTD., WALTER CANADIAN COAL
PARTNERSHIP, BRULE COAL PARTNERSHIP, WILLOW CREEK COAL
PARTNERSHIP AND WOLVERINE COAL PARTNERSHIP
(COLLECTIVELY THE "WALTER ENTITIES")**

TRUSTEE'S REPORT ON THE JOINT PROPOSAL

DECEMBER 19, 2016

1. INTRODUCTION

This report ("**Report**") has been prepared by KPMG Inc. in its capacity as proposal trustee (the "**Proposal Trustee**") in the proceedings commenced in respect of the Walter Entities listed above on December 19, 2016 under Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**").

Each of the Walter Entities filed a voluntary assignment in bankruptcy on December 15, 2016. KPMG Inc. was appointed as the trustee (in that capacity, the "**Bankruptcy Trustee**") of each of the Estates.

On December 16, 2016, the Supreme Court of British Columbia (the "**Court**") made an Order (the "**Bankruptcy Procedure Order**") pursuant to which, amongst other things, the Bankruptcy Trustee was authorized to administer the procedural matters relating to the bankruptcy proceedings of each of the Walter Entities on a consolidated basis. In accordance with the Bankruptcy Procedure Order, the Bankruptcy Trustee held a joint First Meeting of Creditors for all of the Walter Entities on December 19, 2016 (the "**FMOC**"), following which a meeting of the inspectors who were appointed at the FMOC was convened. The inspectors approved the joint proposal of the Walter Entities (the "**Joint Proposal**"), the filing of which by the Bankruptcy Trustee was authorized pursuant to the Bankruptcy Procedure Order.

On December 19, 2016, the Bankruptcy Trustee, in accordance with Section 62(1) of the BIA, filed the Joint Proposal with the Official Receiver, along with certain other prescribed documents. A copy of the Joint Proposal is attached hereto as Appendix "A".

The purpose of this Report is to provide information with respect to the following:

- a) Background information concerning the Walter Entities, their financial situation, the causes of their difficulties and the state of the Walter Entities' business and financial affairs;
- b) The terms of the Joint Proposal;
- c) A preliminary comparison of the estimated recovery to creditors under the Joint Proposal versus under a bankruptcy scenario; and
- d) The Proposal Trustee's recommendation to creditors voting on the Joint Proposal.

2. TERMS OF REFERENCE

In developing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Walter Entities' management ("**Management**"), the Walter Entities' books and records and discussions with Management. The Proposal Trustee has not performed an audit or other verification of such information. Future oriented financial information relied upon in this Report is based on Management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of the financial information presented in this Report, or relied upon by the Proposal Trustee in preparing this Report.

The capitalized terms used in this Report are defined in the Joint Proposal or in this Report, and this Report should only be read in conjunction with the Joint Proposal. Details of the Joint Proposal are outlined in this Report.

3. BACKGROUND AND CAUSES OF FINANCIAL DIFFICULTY

The Walter Entities, along with certain other affiliated entities (collectively with the Walter Entities "**Walter Canada**"), commenced proceedings under the *Companies' Creditors Arrangement Act*, R.S.C 1985, c. C-36, as amended (the "**CCAA**") and, on December 7, 2015 (the "**CCAA Proceedings**"), the Court pronounced an order pursuant to which KPMG Inc. was appointed as Monitor (the "**Monitor**") in the CCAA proceedings.

On December 7, 2016, the Court granted an order which, amongst other things, approved a proposed restructuring transaction (the "**Amacon Transaction**") with 1098138 B.C. Ltd. as purchaser and Amacon Land Corporation as guarantor (taken together, "**Amacon**") pursuant to the Term Sheet executed on November 28, 2016 (the "**Term Sheet**") and authorized Walter Canada to take such additional steps and execute such additional documents as may be necessary or desirable to complete the Amacon Transaction. Pursuant to the Term Sheet, those steps included the aforementioned making of the assignments by the Walter Entities as well as the filing of the Joint Proposal.

The Monitor issued the Seventh Report of the Monitor on December 11, 2016 (the “**Seventh Report**”, a copy of which is attached hereto as Appendix “**B**”) in its capacity not only as Monitor but also as the proposed Bankruptcy Trustee and the proposed Proposal Trustee, and the Seventh Report was prepared as a special purpose report to provide creditors with advance notice of the terms of the Joint Proposal and the Monitor’s comments thereon and its recommendation that creditors should support the Joint Proposal.

For a more detailed discussion of the background information in respect of the Walter Entities, the causes of their financial difficulties and the state of their business and financial affairs, readers are directed to the Pre-Filing Report of the Proposed Monitor dated December 6, 2015 (the “**Pre-Filing Report**”, a copy of which is attached (without appendices) to the attached Seventh Report under Appendix “**B**”). A complete copy of the Pre-Filing Report, along with various other reports and materials in respect of the CCAA Proceedings, the Walter Entities’ proceedings pursuant to the BIA, can be found on the website established by the Monitor at www.kpmg.com/ca/walterenergycanada (the “**Website**”).

For a summary discussion of the matters which have arisen since the commencement of the CCAA Proceedings, readers are directed to the attached Seventh Report, particularly the “Introduction and Background” section.

4. THE JOINT PROPOSAL

The attached Seventh Report includes a detailed discussion (in the section entitled “Filing of and Terms of the Proposal”) in respect of the Joint Proposal, including providing a summary of its key terms as well as the Monitor’s concluding comments and recommendations in respect of the Joint Proposal. The Monitor noted in the Seventh Report that the terms of the Joint Proposal remained subject to further revision as at the date of that report; the Proposal Trustee hereby advises that the terms of the final Joint Proposal did not change significantly from the form which was discussed in the Seventh Report (and attached thereto in draft); accordingly, the Monitor’s discussion regarding the Joint Proposal terms, and its recommendation to creditors to support the Joint Proposal, in the Seventh Report is unchanged.

This Report and the Seventh Report provide an overview of the terms of the Joint Proposal; neither of these reports is a substitute for reading the Joint Proposal and creditors are strongly encouraged to review the Joint Proposal in its entirety prior to voting on the Joint Proposal. Creditors may also wish to discuss the terms of the Joint Proposal with their legal counsel and other advisors.

Terms not defined herein are as defined in the Seventh Report.

The Proposal Trustee wishes to emphasize the following points (which are discussed in more detail in the Seventh Report) in respect of the Joint Proposal:

- a) The purpose of the Joint Proposal is to facilitate the transfer of the majority of assets from the Walter Entities to newly-created entities (the “**New Walter Group**”) and the deeming of the Deemed Claims of the Affected Claimants against the New Walter Group such that those Affected Claimants’ Claims are unaffected by the Amacon Transaction;

- b) The Amacon Transaction will create additional value for Walter Entities' creditors and other stakeholders in the amount of \$17,350,000. This value can only be obtained if the Joint Proposal is approved by the Required Majority of creditors in the sole voting class of creditors (that being a vote in favour of the Joint Proposal by two thirds in value and a majority in number of the Affected Claimants who actually vote on the Joint Proposal, in person or by proxy) as well as by the Court, and the Amacon Transaction closes prior to December 31, 2016; and
- c) In short, the Joint Proposal is intended to increase the total pool of proceeds available for distribution to the Walter Entities' creditors while preserving the same priority of the creditors' claims, and is ultimately in the best interests of all of the Walter Entities' creditors.

Other Terms of the Joint Proposal

The only distributions that will be made to the Walter Entities' creditors pursuant to the Joint Proposal are Priority Claims, which include all Crown Claims as well as any employee claims which are required to be paid under subsection 60(1.3) of the BIA and certain other post-bankruptcy claims. As at the date of this report, there are no Priority Claims that have been allowed that would be paid pursuant to terms of the Joint Proposal. Any distributions to general creditors of the Walter Entities will be completed by the New Walter Group at a later date within the CCAA Proceedings.

Any person's entitlement to seek recourse with respect to transfers at undervalue or preferences pursuant to sections 38 and 95-101 of the BIA and any equivalent provincial statute as against a Walter Entity is preserved as against the corresponding member of the New Walter Group.

Please refer to the attached Seventh Report for a more detailed discussion of the terms of the Joint Proposal.

The Joint Proposal provides for the payment of the reasonable fees of the Proposal Trustee from the funds on hand with the Walter Entities (which, pursuant to the Joint Proposal, shall be transferred to the New Walter Group).

5. STATEMENT OF ESTIMATED REALIZATION

Please refer to the discussion in "The Monitor's Concluding Comments Regarding the Proposal" at pages 13 to 16 in the attached Seventh Report for a comparison of the preliminary estimate (on a consolidated basis and for illustrative purposes only) of the potential recovery to the Walter Entities' creditors if the Amacon Transaction under the Joint Proposal is completed (with an eventual distribution by the New Walter Group) as compared with the potential recovery if a sale were to occur in bankruptcy.

6. SUMMARY COMMENTS

As discussed above and in more detail in the Seventh Report, the Amacon Transaction cannot be completed if the creditors do not vote in favour of the Joint Proposal, and the successful completion of the Amacon Transaction is expected to result in significantly higher proceeds being available to the Walter Entities' creditors and other stakeholders. Furthermore, the Joint Proposal is designed to preserve the rights and priorities of the Walter Entities' creditors such

that they are not negatively impacted by the steps contemplated by the Joint Proposal, instead only benefitting from the expected larger pool of funds which will be available for distribution.


In conclusion, the Proposal Trustee considers the Joint Proposal to be advantageous for the Walter Entities' creditors and, respectfully, recommends they vote in favour of the Joint Proposal.

Dated at Vancouver, British Columbia, this 19th day of December, 2016.

KPMG INC.,

In its capacity as Trustee in re: the Matter of the
Joint Proposal of the Walter Entities
and not in its personal capacity

Per:



Anthony Tillman
Senior Vice President

This is Exhibit "B" referred to in Affidavit #8 of **William E. Aziz** sworn December 20, 2016 at Oakville, Ontario.

Sean Stidwill

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

SEAN STIDWILL

**Energybuild Limited (Company no. 04770293)
Aberpergwm Colliery
Engine Cottage Site
Glynneath
Neath
West Glamorgan
SA11 5AJ**

William E. Aziz
Chief Restructuring Officer
Walter Energy Canada Holdings, Inc.
32 Shorewood Place
Oakville, Ontario L6K 3Y4
CANADA
On behalf of Cambrian Energybuild Holdings ULC

13 December 2016

Energybuild Limited ("the Company")

We refer to the ongoing trading of the Company.

We have shared with you the cash flow forecasts prepared by the Company (dated 8 December 2016) which show that the Company has sufficient cash to pay its creditors as they fall due until the week ending 27 January 2017. In order to comply with our duties as directors to protect the interest of creditors, we need to know that we have financial support from you to enable us to pursue the solvent sale of the shares in the Company.

Negotiations regarding the sale of the Company and other companies in the Energybuild group are ongoing, and so far as we are aware the interested party is keen to transact as soon as possible. It may be however that we are unable to transact prior to Company running out of cash to pay creditors. We consider that a further month of trading (to the week ending 3 March 2017) will enable the sale of the Company to complete, or for the directors (with you) to determine that the sale will not complete and the Company needs to consider other options, possibly including formal insolvency proceedings.

To enable the directors to continue to trade the Company, and to know that there are sufficient funds to discharge the liabilities they are now incurring, we consider that funding from you in the sum of £110,000 is required. Please confirm that these funds are available to you and that you will irrevocably commit to lending these funds to the Company in order to enable its continued trading until a sale can be concluded. We understand that if you are prepared to lend further sums to the Company you will require security from the Company and from all its subsidiaries. We are able to comply with that condition of further funding.

We look forward to hearing from you as soon as possible.

Yours faithfully



**Director
Energybuild Limited**

NO. S-1510120
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
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AND

IN THE MATTER OF A PLAN OF COMPROMISE AND
ARRANGEMENT OF WALTER ENERGY CANADA HOLDINGS,
INC. AND THE OTHER PETITIONERS LISTED ON
SCHEDULE "A"

PETITIONERS

AFFIDAVIT #8 OF WILLIAM E. AZIZ

DLA Piper (Canada) LLP
Barristers & Solicitors
2800 Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444
Fax No. 604.687.1612

Client Matter No. 15375-00001

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